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# ***Daily Report***

## ***Supplement***

# **East Europe**

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# East Europe SUPPLEMENT

JPRS-EER-93-048-S

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2 June 1993

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**\* Solutions to Czech-Slovak Trade Problems Viewed**

93CH0636D Prague EKONOM in Czech 5 May 93  
pp 39-41

[Article By Jaroslav Hejkal: "Trade Benefits From Trust"]

[Text] *A solution to the decline in the exchange of goods between the CR [Czech Republic] and the SR [Slovak Republic] requires a reasonable approach by both sides.*

The decline in mutual trade between the Czech and Slovak Republics that followed the division of the CSFR is currently a matter of serious concern to industrial enterprises. That became clear at the March general meeting of the CR Association of Industries in Jihlava, which pointed out the need for a central assessment of the issue, indicating that the cause lies primarily in the system of payments. The seriousness of the problem was also underlined by Czech Prime Minister Klaus in Jihlava, who stated that the Czech Government expects some initiative for its solution from the enterprise sphere, as well.

**First Step**

The mentioned initiatives from the Jihlava meeting forced the CR Association of Industries to take some immediate steps. "First, we wanted to verify whether what was heard in Jihlava, as well as from various representatives of industrial enterprises in the press, was not based on subjective feelings or observations," Eng. Otto Emanovsky, director of the economic policy unit of the CR Association of Industries, told me. "We therefore carried out a lightning survey among selected Czech enterprises that we know have the largest volume of trade with Slovakia."

The result of the survey, to which roughly 70 industrial enterprises responded, unequivocally confirmed that, after the division of the CSFR, a marked decline in trade with Slovakia really took place. For example, the sales of industrial goods from the CR to the SR fell during the January-February 1993 period, in comparison with the same period in 1992, from 14.67 percent to 10.97 percent, and purchases from Slovakia from 12.74 to 9.72 percent, the machine-tool industry showing the greatest decline. But the result of the survey did not confirm the reports about the erosion of payments discipline, which was considered by some enterprises to be the main cause of the decline in the volume of deliveries. On the contrary, it showed that accounts receivable of enterprises in the first two months of this year remained practically at the same level. "This finding about the payments discipline understandably surprised us," confessed Emanovsky, and added that it is a creditable report that must be taken as a point of departure.

**Conformable Positions**

Concurrently with the verification of the situation by means of the mentioned survey, the CR Association of Industries arranged a meeting with the SR Association of Industries, which took place toward the end of March. The positions of both associations on the given situation proved to be entirely the same, which point they also made in their closing joint declaration.

In it, both associations state that, after the division of the federation, a decline in mutual trade indeed took place and both feel the need to respond to the existing situation. "We believe that mutual trade is very important for both sides, and it is not realistic or wise to give it up and reorient ourselves only to third markets. It is necessary to realize that the bleak economic situation in the countries of the former Eastern bloc forces them to protect their own markets and that, at the same time, the recession in developed countries results in protectionist measures."

According to the opinion of both associations, one of the main causes of the decline of mutual trade between the CR and the SR is the persisting insolvency of enterprises, which deepened after the division of the federation. Also, administrative costs connected with customs clearance have risen, which, together with the currency separation, creates considerable misgivings on the part of partner companies in carrying on mutual trade. Both associations pledge themselves to promote mutual trade among member enterprises, and, in the spirit of their mission, they will at the same time demand that their governments improve the conditions for trade between the two states. They also believe the situation can be improved by some measures, such as, for example, a mutual crediting of claims with the possible use of international organizations, new ways of making the system of payments more efficient, simplified customs procedures, the capitalization of claims by both sides, and, last but not least, barter trade. They will further demand that the accounting and tax system in both republics be made equivalent to the European standard. "To increase confidence and make it more effective in mutual trade," say both Associations of Industries in their joint declaration, "better performance on the part of banks in both republics would help."

**Payments Without Borders?**

And one more important idea was initiated by the joint negotiations of the two associations. It is the decision to establish jointly, for the support of mutual trade, a trading company designed to ensure flexible business ties between member enterprises.

According to Emanovsky's statement, the idea is to create a joint institution particularly for medium-size and small firms on a voluntary basis, "a kind of accounting center that would make it possible for Czech and Slovak firms to make mutual payments for goods, apart from the clearing system. One of the versions, which we are presently discussing, could be such that,

figuratively speaking, money would not be sent across the Czech-Slovak border, but members of the company—that is, both creditors and debtors—would mutually couterbalance their financial matters. It means, that, for example, a Czech importer would pay for goods from a Slovak supplier to a Czech exporter at a rate calculated in Czech currency, whereas goods sold to a Czech customer by a Slovak supplier would be paid for by a Slovak importer in Slovak currency.”

Naturally, the implementation of this undoubtedly well-meant idea of the two Associations of Industries will require expert discussions with representatives of government agencies and banks of both republics, and it cannot be ruled out that the whole idea will take on a different specific form of mutual settlements of business transactions between partners in both states. It would therefore be premature to either praise or condemn it. But certainly this whole effort deserves general recognition and support not only from members of these strongest associations of employers in both republics, but also from their governments and all of the involved state and other central agencies. After all, its ultimate goal is to benefit citizens of both states.

#### **\* Hungarian World Federation Lauds Duna TV's Role**

##### **\* 'Region's Radio Free Europe'**

93CH0622A Budapest MAGYAR HIRLAP in  
Hungarian 26 Apr 93 p 3

[Article by Otto Neumann: “Duna TV Could Be the Region's Radio Free Europe”]

[Text] “Efforts to protect minorities had reached a dead end during the past period, and therefore different solutions must now be sought,” declared Sandor Hodi at last Sunday's conference in the Budapest headquarters of the World Federation of Hungarians (MVSZ), where he represented not only the ethnic Hungarians of the Vajdasag [Vojvodina], but the Forum of Central European Ethnic Groups (KENF) as well. The conference had been organized by the MVSZ acting as host, and by the KENF and the Federalistic Union of European Ethnic Groups (FUEV). Representatives of the ethnic Hungarians living in neighboring countries also attended the conference, and the central topic of discussion was an analysis of autonomy aspirations in the Carpathian Basin. At the very beginning of the press briefing that followed the conference, Sandor Hodi made it clear that at present there is only one viable road for the minorities—to gain their right of self-determination and autonomy.

The associations attending the conference are drafting a joint platform in that sense. Foreseeably, the document will be ready in the second half of this year, and it will then be possible to present the document to international forums. According to the leader of the ethnic Hungarians in the Vajdasag, steps in the direction of gaining

autonomy will not increase the danger of the Yugoslav conflict's escalation; after all, this road is not leading toward border adjustments.

Our paper asked the leading politicians of the RMDSZ [Democratic Union of Hungarians in Romania] whether Romanian public opinion, to whom the very mention of autonomy for minorities is a red flag, will be able to accept such aspirations on the part of Transylvania's ethnic Hungarians?

Imre Borbely, the vice president of the RMDSZ, replied that, as a result of open borders and of the catastrophic economic situation in the country, masses of Romania's ethnic Hungarians are resettling in Hungary, and that exodus can be stopped only by granting the ethnic minorities autonomy. But it is essential that the majority nation understand, and refrain from obstructing, the steps in the direction of self-determination. Geza Szocs, another leader of the RMDSZ, added that autonomy is nothing other than the intertwining of self-governments. In the case of self-governments with Hungarian majorities, it is possible to advance to autonomy for Transylvania's ethnic Hungarians. Romania at present is trying persistently to catch up with Europe, and sooner or later also the majority nation will have to recognize that European integration can be achieved only with the help of establishing autonomies. It is impossible to predict whether this will happen in three or five years. Sandor Csoori, the president of the MVSZ, was likewise responding to a question put to him by our paper when he said that if the Romanians were more familiar with their own history, they would know that in Transylvania autonomy is not a new concept. Several prosperous cities could not have been built without autonomy for the Saxons. But the ethnic Hungarian minority in its present situation is unable to establish even its own university, let alone to build cities. At the press briefing the MVSZ president also brought up the matter of Duna TV. Many people believe, he said, that 15 billion forints of state subsidy is an enormous amount of money. But merely 10 percent of that amount can actually be used in the television network's budget.

Such a television network, which coordinates daily the thinking of Hungarians, is an incredible asset for the future. It will be necessary to wait until the attacks, which are based on semi-information, run out of breath, and to continue working for the development of Duna TV, Sandor Csoori emphasized. Imre Borbely also stressed the importance of this television network. He explained that the Hungarian press in Romania is still too faint-hearted, occasionally rooting for the other side, against the brave initiatives on behalf of the ethnic minority. This is why it is so important that Duna TV become the region's “visual Radio Free Europe” and play an important role in the region's democratization, the RMDSZ vice president emphasized.

**\* Csoori Welcomes Controversy**

93CH0622B Budapest MAGYAR HIRLAP in  
Hungarian 28 Apr 93 p 3

[Article by O.N.: "Csoori Welcomes the Controversy  
Over Duna TV"]

[Text] "The time has arrived of the spiritual unification of all Hungarians," Sandor Csoori reminded his audience, consisting of the personnel of the Janos Bolyai Military College, at the ceremony marking the signing of a cooperation agreement between the World Federation of Hungarians (MVSZ) and the military school.

In his speech the president of the MVSZ emphasized that the broadcasts of Duna TV, which transmit Hungarian speech to places where even shopkeepers offer their merchandise to the Hungarian population in a foreign language, will play an important role in the spiritual unification. Sandor Csoori welcomes the storm that is being raised over satellite broadcasting, because from this "war" a clear situation will eventually emerge. Defense Minister Lajos Fur also attended the signing of the agreement.

Also in connection with the World Federation of Hungarians, the federation's press secretary, David Magyari, denied rumors claiming that the MVSZ is preparing to set up foreign diplomatic missions. The federation is being organized from below, and the misunderstandings probably stem from the fact that, in the few countries where the MVSZ has operating affiliates, the idea of opening national offices has been proposed. But nothing definite can be said about this until the meeting of the MVSZ Executive, due to be held in June.

As we reported in yesterday's issue of our paper, the MVSZ is about to buy that part of the building at 15 Benczur Street which now serves as its headquarters. The MVSZ will continue to occupy these premises even after it acquires the building on Szentharomsag Square.

Magyar Vilag Kiado [Hungarian World Publishing House] Kft. would have liked to become the sole owner of the Benczur Street building, but the Sixth District Municipal Council gave preference to the MVSZ.

Incidentally, the publishing house will remain in the Benczur Street building, in which it owns the major share.

**\* Bosnian Muslim Leader Criticizes Attacks**

93AE0489A London AL-HAYAH in Arabic 18 May 93  
p 8

[Article by As'ad Taha: "Central Bosnia War Council President to AL-HAYAH: No Backing Down on United Bosnian State; Croat Aggression Destined To Be Defeated"]

[Text] Zagreb—In a radio communication with AL-HAYAH, Dr. Safet Cibo, president of the war council of the strategic provinces of Konjic, Jablanica, and Prozor in central Bosnia-Herzegovina, asserted that the Bosnian Government forces stand fast in the face of attacks launched ceaselessly by the Croatian Defense Council forces. However, Cibo has appealed to the Islamic world to "exert utmost pressure to remove the arms embargo imposed on the Bosnian forces." Cibo added that the "only way to alleviate the weight of the injustices inflicted on us" is through armament.

Cibo, a main Muslim figure in the ongoing conflict in central Bosnia, has said that the protests by Bosnian Mate Boban, leader of the Bosnian Croats, to his, Cibo's, appointment as president of the region's war council reflects the Croats' failure to accomplish important results in their current aggression.

Boban has addressed a letter to Bosnian President Alija Izetbegovic protesting the appointment of Cibo and considering it a main reason for the outbreak of battles in central Bosnia. Explaining the Croatian protest, the Bosnian military official said, "They are well aware that my task is to impose legitimate Bosnian authority. This annoys them and obstructs their schemes." He added that the Croatian protest has been made in order to "hold others responsible for the crimes committed" against Muslim civilians. Cibo has also expressed the opinion that the Croats "are trying to justify their failure and the losses they have suffered, now that their imaginary and illegitimate state has begun to be shaken as a result of the ongoing battles here."

Cibo told AL-HAYAH that the Croatian Defense Council's aggression against areas controlled by the Bosnia-Herzegovina Army is in fact an aggression against the ideology defended by the Bosnian Army—to preserve Bosnia-Herzegovina as a single, stable, and free state that enjoys full democracy—versus the ideology of secessionist ethnic entities, such as the Herceg-Bosna state that has been proclaimed by the Croats unilaterally.

**Bosnian Army's Steadfastness**

In the course of his assessment of the outcome of the clashes in central Bosnia, the Bosnian commander said that the army "has succeeded not only in strengthening and reinforcing the positions it had held prior to the clashes, but also in establishing its control and supervision over the entire region, excluding a small number of positions and small areas that are subject to the control

of the Croatian Defense Council, where clashes and military activities go on unabated."

Cibo added that Bosnian Army units in central Bosnia enjoy numerical superiority that enables them to expand the areas they control. Moreover, they have been able to seize very large quantities of the best and latest weapons in their battles with both the Serbs and the Croats.

AL-HAYAH asked Cibo if the Croatian attack against Mostar had been launched in retaliation for the Croats' losses in central Bosnia. He responded, "Perhaps this is what happened in terms of timing. However, cleansing Mostar ethnically and subjecting it in its entirety to the Croatian Defense Council constitute an 'old' objective that comes within the context of the Croats' efforts to create an imaginary entity and to establish a state within a state." Cibo found it most likely that the attack on Mostar "has come in retaliation for the Croats' failures in the provinces of Konjic and Jablanica, despite their cooperation with the Serbian enemy."

Cibo expressed the opinion that Croatian Prime Minister Franjo Tudjman's influence on the Bosnian Croat leader is similar to the influence of Serbian President Slobodan Milosevic on Bosnian Serb Leader Radovan Karadzic.

Cibo also expressed the belief that UN resolutions and condemnation of the Croatian aggression will not settle the issue and that only the Bosnian Army can settle it on the battleground "because they will not stop these massacres and attacks until they are defeated militarily."

Cibo, whom Croatian leaders consider to be a stern zealot, has expressed his profound faith in the inevitability of liberating the soil of the entire Bosnia-Herzegovina and in its birth as an independent, free, and democratic state. He added that the Bosnian political authorities have set three objectives for the army. First, confront the Serbian aggression and foil its expansionist activities, and "we have succeeded in accomplishing this objective in several areas. The second objective is liberation of the usurped territory. The third is securing the guaranties necessary for establishing a free parliamentary state."

Of his vision of the future, Cibo said that the Croatian military wing must be brought under the control of the Bosnia-Herzegovina Army. Politically, the Croats can exercise their role. He added, "In our territories, there is no place for a state within a state or for any illegitimate entities."

Concluding, Cibo, as field commander, addressed an appeal through AL-HAYAH to the Islamic world urging it to exert the utmost pressure "to contribute to lifting the embargo on arms sales imposed on us so that we can take the initiative."

Cibo added, "Assistance by the Islamic world will greatly alleviate the weight of the injustices inflicted on us, will

help us continue to resist and struggle, and will strengthen our feeling of belonging to a bigger world whose identity we bear."

### Letter of Despair From Sarajevo

93BA1029E Belgrade BORBA in Serbo-Croatian  
8-9 May 93 p XII

[Text of letter to "S." from "O.": "No Waltzing in Hell: Cry for Help From Sarajevo"]

[Text] *A man walks along the street. He reads a newspaper. Slowly. He stops, meticulously folds the newspaper, puts it in his pocket, pulls a pistol out of his pocket—and shoots himself in the temple.*

Dear S.:

I am alive, and that is significant. Many are no longer alive. I am uninjured, which is also significant. There are thousands of maimed people. One horror after another. The brain cannot accept any more. I have an apartment, and I am in it. Still. I do not know what will happen tomorrow or tonight. I am endlessly depressed and have reached the culmination of torment and misery. I am humiliated, I am worthless and inept. I am shit. No, shit is something, but I am NOTHING. They are turning us, people, into that.

I do not know where to begin this story. Everything is black. A tunnel, a pit, an abyss, hell. Hopelessness.

Whatever has happened, has happened. We, the former Yugoslavs, are unrivaled as the stupidest, most primitive, dirtiest people in the world. We are a pack, a herd of cattle that allow themselves to be led by depraved people, ruffians, underhanded thugs, bandits, thieves, extremists, fanatics.... They have completely destroyed our country, our lives, everything. I no longer believe in anything. Not even in miracles. Serb, Croat, Muslim? Nonsense! I would consent to being called a tractor if I could have peaceful dreams, a full plate, a good swig, freedom to come and go.

Here are some current scenes:

1. A man walks along the street. He reads a newspaper. Slowly (!). He stops, meticulously folds the newspaper, puts it in his pocket, pulls a pistol out of pocket—and shoots himself in the temple.

2. A young man, a student of film direction. Since none of the departments or schools are open, nothing is open, he turns up at the hospital; he will help. They have him cremate amputated arms and legs. He made a 15-minute documentary film about it called "I Burned Legs."

3. A photographer with a camera enters a shelled-out apartment. Everything is destroyed, scattered about, pulverized. Chaos. The tape is running, he is behind an armchair, slowly moves around it, gets to the front, and stares—there is a headless man in the armchair. Frantic, agitated, he dashes out in front of the house, tells the

people gathered around what he saw, and a woman faints. The one without the head is her brother.

4. A man goes into a room where a shell has blown everything to bits. He had left his wife in bed, asleep. He recognizes only the joint of one leg.

5. A sniper hits a woman on the street. She screams, no one can get near her, and then a young man summons up courage and gets to the woman to help her, but the sniper is faster and hits the young man in both legs. He bleeds for a whole hour, but no one "gets around to" moving into target range.

6. Architect Vesna Bugarski is hit by a shell. Both of her legs are severed. She loses a lot of blood on the way to the hospital. After a month, her name and address appear in the newspaper. She is asked to pick up a letter that has arrived.

7. I run into a good friend who is a doctor. Tears in his eyes. He says, "I can't go on. Today we amputated the arm and leg of a 17-year-old boy. Tomorrow we have to do the other leg."

8. A four-month-old baby loses its leg to amputation. It is photographed playing with its stump.

9. Ademir Kenovic's mother is hiding in the cellar during the shelling. A shell falls on the house, a horrible explosion. The woman is so startled that her heart gives out. Day and night she lay in the cellar; they could not get her to the apartment or to the morgue.

10. "Ciki" is Ademir's best friend. That same day, "Ciki's" father is in bed when a shell fragment hits him right in the stomach. He dies.

11. A boy and girl are missing. A search is conducted, after which it is concluded that they have fled Sarajevo. After a month, they are found in Sarajevo, charred.

12. Outside Sarajevo, 50 massacred bodies are found, including two men who were impaled and roasted.

13. A little girl lies in the hospital, her chest torn to pieces. She will never have breasts.

14. Actor Nermin Tulic has both legs amputated, actress Dejana Divdjan (the wife of Zeljko Hajndl and the mother of a one-and-a-half-year-old son) has one leg amputated, a shell has blown OSLOBODJENJE photo journalist Salka Hondo and TV cameraman Branko Tesanovic to bits, the husband of the beautiful TV announcer Jasminka Sipke is killed....

15. A shell kills my neighbor's 12-year-old son. Since parts of Sarajevo are blockaded, his son does not get a Muslim funeral. Twenty days later, a sniper kills his wife.

16. A couple hears an explosion, goes to the window out of curiosity, and the next shell decapitates them both.



All of these are the truth, truths in succession, but the succession is unstoppable. How can anyone remain psychologically sound, normal, good-humored?

We have not had electricity for months. Life without lights (they are used up and new ones cannot be bought), without batteries (they are used up and new ones cannot be bought), without TV, radio, cooking, washing, ironing, bathing.

We have not had water for months. Sometimes you go to the manhole, stand in line for two or three hours for 10 liters, go home, wash, and then get back in line for two or three hours. My arms are stretched to the ground. I have shooting pains in my back.

We have not eaten for months. Since the beginning of the war I have neither eaten nor seen potatoes, tomatoes, lettuce, cucumbers, green peppers, carrots, parsley, onions, string beans, peas, cauliflower, meat, eggs, milk, cheese, cream, butter, yogurt, beer, wine, juice, mineral water, cherries, strawberries, grapes, watermelon, peaches, quinces.... I eat nothing, and whenever I drink the stale water, I shake from my head to my toes. I have lost 13 kg, with the trend being to lose more (indeed, there is no one in Sarajevo who has lost less than 10 kg, real fashion models).

Sarajevo is dead. Its spirit and color have disappeared. Not one house intact, the houses breathe on crevices, look through holes: decrepit structures, demolished, dilapidated, ripped up, burned out; gutters hang in tatters, chimneys have disappeared; everything is sooty, dirty, nauseating, damp, cheerless, tragic.

My apartment building, for example, has been hit by 25 shells. It is as if we are moth-eaten, uprooted by mice. Five apartments are completely burned out (not even the supporting walls are left), 11 apartments are flooded (either from fires being put out or because there is no roof). The firemen were here for 15 hours, and then had to come back twice. The fire will not surrender, it forces the beams to smoulder. All of which should not last for long!

The fire halted a meter from my apartment, so to speak. That side is flooded, frayed at the edges, and when it rains the inundation continues, the soaking, molding, and smells. Then we apartment dwellers gathered our money together and patched the roof.

Several times I have escaped the worst by the skin of my teeth. I stop, have a chat with someone, or change my planned direction, when a shell falls. An explosion, a flash, and smoke. People drop like flies. Arms, legs, heads. Blood. Screams, moans.

Once, at 01:30, with a horrible explosion, heavy, red-hot chunks of steel struck the wall. Only a meter away was the window and bed where I was lying. Some good fairy saved me.

Legions of thieves. Everything has been stolen. Everything! Owners no longer have cars. "The cat ate it."

Stores are boarded up, wrecked, even the shelves have been taken (for firewood). The parks have been chopped down (for firewood). No one is responsible, there are no criminal charges. In apartments, a new "break-through"—the dwellers; everything that is found there is theirs, "forever."

No one has everything, no one has nothing. Whoever has a weapon has power. The riff-raff have weapons.

Nothing works. Everything is at a standstill. Never mind what life means. Thus, are we not living?

I have nothing to say about politics, because this is not politics, it is immorality. Thus far, I have been apolitical, I have long been politically demoralized.

Lies, lies, lies. Vulgar lies. A media massacre of the truth. They lie, prevaricate, and trample the truth unscrupulously, shamelessly; Munchausen is a child compared to the current media. Each side has its own producers of antipropaganda, contrivers of evil and inciters of revenge. People are duped, blockheads who do not know how to use their head. We spit at, insult, trample upon, and bury each other. We are destroying each other. The most merciless blow is against your own.

I am trying to maintain my intellect, I am trying to continue liking all people and living in harmony, not dividing them into any ethnic and national affiliations, according to their names, I am trying to be what I was.

Perhaps this is of interest: In Sarajevo they say that they "do not even want to hear the letter 'S,'" while today on the radio the person being interviewed said, "I will go to the ends of the earth if there are no Serbs there." In the Old City opstina (Bascarsija and environs), they are removing all street signs with Serb names. The panels have disappeared from the facade of the "Young Bosnia" Museum, together with Gavrilo Princip's footsteps. All the busts of great Serbs have been thrown into the Miljacka or shattered. The attitude is "not a single Serb ear should remain in the country."

Here is something interesting: All of Sarajevo's alcoholics have been cured. Without the hospital, treatment, and medicine. There has not been a drop of alcohol here for 10 months.

Smokers are in torment and as stubborn as mules. They do not quit, and so they pay five marks for a pack of cigarettes.

Yesterday on the TV news, the announcer reads, "at three o'clock [Turkishism used]..." On the broadcast "World Overview," talking about Cape Kennedy and the shuttle, the commentator says seriously (not in jest) "there is also a toilet [colloquial Turkish word used]..." The same vocabulary in OSLOBODJENJE, they call it Bosnian. We are informed that Princip Bridge is now Ferdinand Bridge.

A school curriculum has been drawn up. The language is not Serbo-Croatian or vice versa, or something similar,

but rather the mother tongue, and the classes are divided into boys and girls. Mesa Selimovic and Ivo Andric have been left out of the curriculum.

I could go on until tomorrow listing things like this. I will change the subject and list the 10 commandments (patented by me) for living through war:

1. Foreign exchange, foreign exchange, foreign exchange! (Have plenty of foreign exchange.)
2. Do not get attached to things, do not be their slave. (Home and happiness are wherever you and yours are, even if you have nothing.)
3. Keep the following in your apartment: 500 cans of food, bags of flour and sugar, cans of lard and oil (obligatory), a lot of bacon, a thousand candles and matches, a thousand batteries, spices, citric acid....
4. Have large canisters and cans for water.
5. Do not stay alone. (It is terrible, painful.)
6. Live with people whom you respect, whom you admire, whom you like. (All others intensify the hell of war.)
7. Shut up!
8. Put away your family photo album for safekeeping. (Three families whose apartments were burned to the ground say that they miss their photographs most of all.)

9. The minute you smell anguish, run away as far away as possible. Do not wait for it to flare up. And start at the beginning, without turning back, without regrets about the past.

10. Remember: One life is not worth a damn ["cejfiga"]!

I have no idea how the Sarajevo drama with fate will end. Every step is "Russian roulette." Your turn could come at any moment. Every moment could be your last.

I have no idea how this letter will even reach you. (Letters are taken away by travelers.) I will ask someone from a convoy of mothers and children to smuggle this chit-chat through, and to find a mailbox in Yugoslavia and say "Good luck." Although without a stamp on it.

A heavy letter! Factual. Composed in hellish Sarajevo. In the bloody theater. I am sorry that I was not more cheerful, but there is no waltzing in hell.

I hope that you and yours never experience a single drop of the ocean in which I am presently drowning.

There is a joke: "How does a smart Bosnian call a stupid one?"

The answer: "By telephone from abroad."

Love, Your stupid friend, O.

**Horvat Interviewed on Croatian Policy**

93BA11022B Zagreb DANAS in Serbo-Croatian  
7 May 93 pp 30-32

[Interview with Branko Horvat, head of the Social Democratic Union, by Mihovil Dominic; date and place not given: "There Is No Alternative to Socialism"]

[Text] *Vujic's social democrats have nothing to do with a social democratic party: It is a national party, and as such it cannot be social democratic. They will not join with us because we are a civic party.*

In these trying times, talking about history, even recent history, seems odd since there are plenty of dramatically important things weighing down on us every day. But we consciously conceived of our interview with the head of the Social Democratic Union [SDU], Dr. Branko Horvat, as an analysis of the days that preceded this war. Seriousness, frequent contrariness, and the very exoticism of his positions are the basic themes of this interview.

Abiding by good old Voltaire, DANAS is in favor of everyone freely expressing their own opinion, no matter how utterly incomprehensible it may be. Malicious people would say that the SDU's election results are the best indicator of the incomprehensibility of Horvat's positions.

[Dominic] When you look back at the days of the first barricades and first Serb rampages from our current perspective, and given the fact that at the time you sharply criticized Ivica Racan's positions on democratic elections, do you still contend today that through his policy Racan paved the way for this war in Croatia, as you alleged not that long ago?

[Horvat] There is no doubt that the aggression was initiated by Milosevic and Greater Serb extremists. But viewed politically, the antagonisms in Croatia elicited an imported Serb nationalism and a provocative Croat nationalism. In that sense, the responsibility in Croatia lies with two people, Ivica Racan and Franjo Tudjman. As the top man in the League of Communists of Croatia, Racan left Serbs in Croatia in the lurch through his policy at the end of the 1980's. Racan simply abandoned Croatian Serbs, left them in an exposed position, and handed them over to Milosevic's policy. Franjo Tudjman and the HDZ [Croatian Democratic Community] were an extension of this beginning, whereby through their anti-Serb policy they completely homogenized our Serbs, so that something happened that had never before happened in Croatian history: Serbs branched off politically from Croats. Until the appearance of the HDZ, Serbs in history had always gone together with Croats, but now they have branched off. There has never been even an attempt here to explain why this happened. By transforming Serbs into a minority, he automatically transformed them into his enemies, because....

[Dominic] Wait a minute, you are apparently the only person in Croatia who even after the tens of thousands of slaughtered Croats is still unwilling to recognize that this is an imperialist war and that Serbs are after all a minority. What can 10 percent of the population be other than a minority?

[Horvat] Naturally 10 percent of the population is a minority. But viewed politically, when you tell someone in the West that they are a minority, that works, because in a democratic society minority means that you will be privileged. The majority decides, but the minority is always protected. But when you tell Serbs that they are a minority in our setting, especially the historic one, they see that as negative, because to them that means a subordinate, second-rate position. After all, through its attitude the Croatian authorities prove that they regard a minority as second-rate citizens, because that is how they behave toward them. Hence the well-known greeting at meetings: "Croat women and Croat men!" The remaining 25 percent of Croatian citizens are less important. Accordingly, if you know that your advocacy of Serbs becoming a minority will elicit negative reactions, then you are jointly responsible for the consequences, and to that extent Tudjman is also responsible for this war. But since on the other hand Racan literally left the Serbs in the lurch, because he was their last chance, the responsibility lies with him as well. Around the time of the first elections I had many hours of talks with Racan and told him that if the League of Communists did not change its attitude toward the Serbs they would form their own party, which is what happened.

You see, Racan held very high-ranking posts in the 1980's, at a time when, quite frankly, numerous things that were at the very least undemocratic were going on, and it seems to me that—given the fact that he was a participant in those days, be it active or passive—he was tormented by his conscience, and in order to assuage it he decided to leave the Serbs in the lurch. That was the final tragic move by Croatian policy toward our Serbs. On the other hand, there is no doubt whatsoever about who carried out the aggression against Croatia, and why. The only political question is why our Serbs could be co-opted by this sort of policy of conquest by Greater Serb chauvinists. As you know, Draza Mihailovic and his Chetniks failed to do that during the antifascist war. Is Milosevic such a skillful politician, or is something else at stake here?

[Dominic] A little while back you said that the Serbs have branched off from the Croats for the first time. Today any child knows that in three previous regimes the Serbs were generally on the side of anti-Croat policy. During Austria-Hungary, which was clearly not a pro-Croat period, they were its soldiers; in the first and last Yugoslavia they were mostly gendarmes, and then "policemen" and military officers. Thus, they were the main lever of coercion for explicitly anti-Croat regimes.

[Horvat] That is not politically accurate. They entered those professions for economic reasons, not with premeditated intentions. People from the Military Frontier, a backward region, were traditionally soldiers and policemen. If they had actually had power, they would have first developed their own region. Just look at the statistics: Serbs are disproportionally represented in military vocations, but the disproportion is even greater for Croats in economic vocations. Furthermore, the only case where Serbs were co-opted is when Khuen tried to use them for Magyar interests. But that came to an end with the Croat-Serb Coalition. Moreover, when Svetozar Pribicevic had to emigrate under Aleksandar's dictatorship, his party authorized the HSS [Croatian Peasants Party] to represent them in Belgrade. All the Serbs voted for Radic. Accordingly, not only have they generally gone with Croats; with Pribicevic's abdication they even agreed, on the whole, to be led by a Croat. And during the NOB [People's Liberation Struggle—Second World War], the Serbs expelled the Knin Chetniks and participated with the Croats in liberating Istria and the islands.

[Dominic] They voted for a Croat whom Serbians killed, or perhaps Radic was not killed by Serbs?

[Horvat] Krivokuca was also killed recently, but I would not say that he was killed by Croats, because both of these men were killed by extremists within their own ranks. I told you that all Serbs in Croatia were for Radic, and afterward all were for Tito and Yugoslavia.

[Dominic] Yes, but for what kind of Yugoslavia? The one that plundered Croatia, that humiliated it, took its language and money and gave free rein to its desires with it?

[Horvat] This is something that you have fabricated. Next to Slovenia, Croatia developed at the fastest pace in Yugoslavia and Europe. Those are international facts. According to your arguments, Serbia could complain that it was exploited in Yugoslavia, and that is actually being done by the Serb nationalist academician Kosta Mihajlovic. You talk about humiliation, but Yugoslavia was led by a Croat. Language is a sad affair. I used to publish an international journal to which I introduced Croatian as well as English. Today I publish my own works only in English, because no one wants to read Croatian any more.

[Dominic] But it was primarily Serbs who were in power in Yugoslavia!

[Horvat] That is completely untrue. After all, look at the composition of the leadership when Yugoslavia disintegrated. The minister of foreign affairs was a Croat, the commander of the army was half-Croat, the federal prime minister was a Croat, the president of the Presidency was Stipe Mesic, again a Croat. Where are the Serbs here?

[Dominic] I cannot believe that you too have been duped. Without the blessing of Serbs and Montenegrins, Mesic literally could not have done anything in Belgrade!

[Horvat] But that has nothing to do with the Serbs. Did the Serbs abolish the provinces and impose their authority, completely unconstitutionally, and put their people on the Presidency? Did Stipe Mesic ever demand that the Constitution be respected or that the two votes of the provinces be rejected? No! And it was not because he himself was thinking about violating the existing Constitution. Thus, did a Croat commit a blunder here? It is perhaps obvious that Stipe Mesic demonstrated political incompetence in that post. Stipe Mesic made an unforgivable mistake when he allowed the game in Belgrade to be played according to Serbian, unconstitutional rules. Then you tell me that he was constantly outvoted! That is true, but he was to blame for agreeing to those rules of the game.

[Dominic] I only want to say that I cannot understand how there can be educated people in Croatia who do not see, after all that has happened, that the Serbs dominated Yugoslavia and that within that entity Croatia was utterly humiliated.

[Horvat] Of the three leading people in Yugoslavia, two were Croats (Tito and Bakaric), and the Serb Rankovic was eliminated. On reflection, however, you could be right about one thing—the capital should not have been Belgrade, or the capital of any republic. I once proposed that it be in the region between Zagreb and Belgrade, in Bosanski Brod.

[Dominic] Foreign exchange, "Genex," contributions for the federation, for the military, for Kosovo, 50 percent of the federal budget from Croatia and Slovenia alone.... Should I go on? Dr. Djodan could talk to you about this for days!

[Horvat] Sime Djodan's assertions on this subject are utter nonsense. I took the trouble to read his book and I saw that there are not even any sources from which he draws his conclusions. I do not know of one source, nor did I find any, that would confirm his theories. They are unscientific, unfounded, and arbitrary assertions.

Not only was Croatia not plundered; I tell you that it developed the fastest in Yugoslavia! When you talk about foreign exchange, take shipbuilding, where Croatia got the largest amount of its foreign exchange. In order to build a ship, you need sheet metal from Skopje, other intermediate goods from other republics, and even if the foreign exchange that you earned from the ship went to Belgrade, Belgrade bought the imported parts from you to build the ship. In the end, even if you did not get foreign exchange, you did get dinars.

[Dominic] But give me the right to build the boat myself and to buy parts from whomever I want, and I will be able to do so if you give me foreign exchange. That is the point! Surely others did not give us the sun and sea for tourism?

[Horvat] You want a self-sufficient, autarkic Croatia, but that would be its ruin, which is in fact happening today.

[Dominic] You mean to say that it was not Serbs, but rather uncommunicative Croats who are to blame for the plunder?

[Horvat] Right, because Croats participated in that government, and if it is necessary to fight to redress some injustice, then they should do it, and the Serbs are not to blame here. Why do you continually seek some sort of patronage? Life is a struggle. But even where things were not proper Croats remained silent, but that is another story entirely. That is the story about the subservient Croat mentality, which was best understood and described by Krleza and Matos. You can even find that in Starcevic's writings, when he talks about Slavoserbs. This subservient Croat mentality, and not the Serbs, is the key to our problems.

[Dominic] I will say only this to all your arguments: 1971! Is it not true that all Croat criticism was articulated at that time, from language and culture to economics and politics?

[Horvat] All sorts of things happened in 1971, and once again you are oversimplifying. I am not aware of any articulated program, aside from an emotional national rebellion. Surely you are not going to mention linguistic masochism? What should be rebelled against is the lack of democracy, and that is true of Croatia and all the other republics alike.

[Dominic] As late as 1990, you asserted that Yugoslavia and socialism are completely possible and desirable. Do you still believe that?

[Horvat] At this point, Yugoslavia is not possible. It is not possible with Tudjman and Milosevic, but if we still had Kucans and Gligorovs instead of them, then it would be possible. Similarly, there is no alternative to socialism, but not the kind that we had, which actually negated that concept.

[Dominic] Let us return to the present. It is known that you sharply criticize the government, but during your trip to Sweden the SDU praised the Valentic government?

[Horvat] At our first press conference we refuted that appraisal, because that government merits criticism. Specifically, HTV [Croatian Television] provided false information, as usual.

[Dominic] In what regard does the government merit criticism?

[Horvat] I cannot explain that to you in just a few words. If you read our economic program, you would see the reasons. But most of all, that government is not competent. Former Prime Minister Sarinic knew nothing about the economy and had no experience whatsoever with it. He was uninformed. Valentic knows a little bit about running enterprises, although even that knowledge is meager, but he really knows nothing about macroeconomics, about a state's economy.

Even if we now leave aside the fact that this government completely lacks independence, which is not an insignificant fact, it is composed primarily of former members of the government. It has two competent economists, but they are not people who would oppose decisions, even if they know that they are bad decisions. Until the best people are brought together, regardless of their party affiliation, and until the government enjoys adequate authority, nothing will come of Croatia's revival.

[Dominic] In closing, tell me why the Croatian Left is not unified. Your party is generally spurned, or perhaps that is not true?

[Horvat] No, there are several reasons for that. We have excellent relations with the Socialist Party, especially with its chairman Silvija Degen. After all, we supported his candidacy for president in the elections, while the other two leftist parties did not. But they have lost their membership, so that there is nothing to unite here. Vujic's social democrats actually have nothing to do with a social democratic party, based on world models. It is a national party, and as such it cannot be social democratic. Accordingly, there is no unity here because there is nothing to unify. They will not join with us because we are a civic party. The SDU supports complete democracy and civil rights because if you bring that about, then you have also brought about national rights. It does not work the other way around. Ivica Racan is burdened by baggage from the past and wants to—and actually thinks that he must—redeem himself. He wants to be a "good Croat," tolerating the present-day nationalism, which runs counter to our program. The SDU is the only party that has not compromised itself with regard to the Serbs, and for that reason we are aware that we are the only ones in a position to establish a dialogue with the Serbs. Our actions in the coming days, which I would rather not discuss, will prove that. Moreover, as a democratic party it is affirmed in Europe.

Finally, I am sorry that we did not use this time to talk about some of the most vital problems of present-day Croatia. Most of all it is the catastrophic economic situation, which will grow even worse; it is the brain drain, because all possibilities of any scientific work have disappeared.... Croatia is respected less and less in the world, and the European Community has even imposed its sanctions on it. Furthermore, human rights violations are on the rise here, so that we are constantly being cited by various international organizations. Based on assessments of investment security, we are in 110th place, which means that there will be no foreign investment. There is also the war here with its horrible casualties, and then the Bosnian problem, the protection of Croats in Serbia, the trade war with Slovenia, and so on. I hope that there will be an opportunity to discuss all these issues. What is important are the genuine Croatian national interests, not the frequent reshaping of history.

### Article Views Fourth Anniversary of HSLs

AU2805195093 Zagreb VECERNJI LIST in  
Serbo-Croatian 23 May 93 p 4

[D. Ivankovic report: "To Europe in a Civilized Manner"]

[Text] Zagreb—"The HSLs [Croatian Social Liberal Party] is far too important a political party to deal with 50-year-old issues, not underestimating the two totalitarian ideologies that ruined Croatia—the Ustashi movement and neocommunism, but that is not our concern. Let us not get involved in the dilemmas developed by the HDZ [Croatian Democratic Community], let the HDZ solve their own issues. They have, quite unnecessarily, rehabilitated the polemics between the so-called Bolsheviks and the Ustasas," said HSLs President Drazen Budisa in his speech during the formal part of the session of the party council marking the fourth anniversary of the HSLs.

During the formal part of the session, Franjo Zenko, Slavko Goldstein, Vlado Gotovac, and Drazen Budisa recollected 20 May 1989, the day of the foundation of the HSLs, which was then the first democratic political party in Croatia.

#### "No Turning Back"

The president of the party, Drazen Budisa, spoke after the founding fathers of the HSLs, Slavko Goldstein and Vlado Gotovac, and commented sharply on some of their statements. However, the polemics ended with listening tolerantly to different opinions. Budisa said that the HSLs sees its roots in the Croatian Peasants Party of Radic. "We who were born after the war cannot be forced to return to a Croatia that never existed. However," Budisa warned, "we cannot talk about Croatia today without mentioning the fact that some of its parts are under occupation and that the aggression against us has been going on for three years. We have to respect these facts and must not allow our political speech to lie outside facts, because even if Croatia had a different government, it would have been under aggression, too." Budisa thereby warned the HSLs members that their activity should not be confined to attacking the HDZ authorities.

"The HDZ and its authority is a problem for Croatia, but the main problem is the Greater Serbian occupation and aggression. We should, therefore, be careful not to create problems for the Croatian state and society with our conception, and should carefully select the order of steps that would lead to our taking over authority and responsibility," said Budisa. "If the HSLs descends to the level of dilemmas imposed by the HDZ, it would function as a mere faction of the HDZ, and that would push the HSLs to the margins of politics. Regarding Bosnia-Herzegovina, what happened there is a great misfortune, but it is not due to the Ustasha ideology, but to Croatian

politics," warned Budisa and won a big round of applause for his speech. Budisa thereby defined the central line of the HSLs.

#### "The Principle of Political Life"

At the beginning of the session, Franjo Zenko, president of the council, said that the founding of the HSLs had caused two violent tremors in Croatian politics, first by announcing the collapse of communist totalitarianism, and second because the Croatian liberals became not an ideal but an energetic principle in the political life of Croatia.

Goldstein, a founding father of the HSLs, spoke after Zenko and referred to the present Croatian authorities, saying that those who concern themselves with the past arouse the suspicion that they do not know what to do now or in the future. He pointed out that the HSLs did not make a spectacle out of their fourth anniversary but a modest commemoration. As the guest, Goldstein provided some suggestions and criticism. He said that the HSLs has to be the spiritual savior of the Croatian political scene, if it is possible at all. He warned of the danger of a totalitarian conscience, which is omnipresent and lasts longer than the totalitarian regime. "It is often manifested in the rehabilitation of the Ustasha ideology. I do not think that it prevails, but its remnants are very harmful to Croatia, and it has also done some irreparable damage in Bosnia-Herzegovina. The HSLs has the right to speak up against mistakes, against the misdeeds of totalitarian conscience of some circles in Croatia," Goldstein concluded.

#### "Miraculous Land"

After him, spoke another founding father of the HSLs, Vlado Gotovac, whose speech attracted much attention. Gotovac stated proudly that the HSLs was not founded "in a hay-loft, nor in an inn, but in the Club of University Professors." Severely criticizing the HDZ and its authority, he spoke about their "omniscience," which creates vulgarity, aggressiveness, and a mystification of politics that serves those who, without these politics, would be exactly what they are—nothing. Gotovac also spoke about theft, which "indeed is the shortest way to glory, money, and power," and is suitable for the present authorities, who made Croatia a miraculous land in which stupidity, quick theft, and ignorance are closely connected. The belief that one can rule Croatia on its behalf resulted in the Croatian policies toward Bosnia-Herzegovina, Gotovac said, and added that the HDZ, as a political fact, does not exist but is about "a movement connected only in that—it rules." It will be a very happy moment when the HDZ transforms into what it really is—several parties, when it is divided into Christian Democrats, Liberals, and the far Right.

"Our nation has come to a critical point, at which the leading party becomes negative," continued Gotovac, explaining that people are united in opposing the HDZ. The HSLs can no longer agree to take a palliative role,

"to write footnotes to their stupidities," for that makes it a hostage to Croatian politics at a time when criticism of the HDZ is interpreted as criticism of the existence of the country. "The HDZ is nonsense," said Gotovac after having spoken about "the HDZ cheap tricks." "The HSLS must, therefore, create a new concept, an active program, because if the Liberals want a modern Croatia, it is most important for us to save it," Gotovac said.

#### "Respecting Government Authority"

Reminding people that the president of Croatia was whistled down at Poljud, Gotovac did not object to it because he defended his personality, which Gotovac does not consider to be satisfactory himself, but because this was a sign that the nation is in a state of complete decay, a sign of disrespect for the government authority. It is absurd that those who brought that condition with their own ideas and lack of tolerance must now be protected. Gotovac emphasized the need for fighting Balkanisms and that a country that is in catastrophic conditions needs people who are ready to listen, who are ready for dialogue and self-criticism, and who have the awareness that all countries must change to survive. The Croats are kept together only by their enormous love for Croatia, and the HSLS remains an honorable representative of its homeland and it will keep changing the political atmosphere and practice in Croatia.

The meeting of the HSLS was welcomed by the representatives of the liberal parties of Slovenia, Bosnia-Herzegovina and Hungary, the German Liberal Foundation, the head of the cabinet of the Bulgarian President Zhelev, representatives of the Social Democratic Party of Croatia—Party of Democratic Changes, and representatives of the Croatian National Party.

#### [Box, p 4]

#### "Shadow Cabinet"

Last night, in the Emerald Hall of the hotel Esplanade, there was a cocktail party to celebrate the fourth anniversary of the HSLS. At the celebration, there were representatives of the diplomatic corps in the Republic of Croatia, and the leaders of many Croatian political parties were also invited.

The prime minister of the shadow cabinet of the HSLS, Goran Granic, took the opportunity to announce the members of his government at the celebration. The shadow cabinet is, therefore, headed by Goran Granic, Jozo Rados is its first deputy prime minister, and Goranko Fizulic the second. The Ministry of Defense is in the hands of Karlo Gorinsek, the Ministry of the Interior is headed by Jozo Rados, the Ministry of Foreign Affairs by Ivo Skrabalo, the Ministry of Finance by Emilio Vlacic, the Ministry of Economy by Goranko Fizulic, the Ministry of Construction and Physical Planning by Grozdan Knezevic, the Ministry of Administration by Marko Lapaine, the Ministry of Labor and Social Welfare by Damir Zoric, the Ministry of Education and Science by Hrvoje Kraljevic, the Ministry of Culture and

Sports by Relja Basic, the Ministry of Health by Stanko Belina, the Ministry of Environmental Protection by Marko Ivanovic, the Ministry of Privatization by Mladen Vilfan, the Ministry of European Integration by Bozo Kovacevic, the Ministry of Regional Development and Cooperation by Mario Kovac, the Ministry of Emigration by Jaksa Kusan, and the Ministry of Human and Minority Rights by Ljubo Antic.

Three government portfolios have not yet been awarded and they are the Ministry of Agriculture, Fishing Trade and Forestry, the Ministry of Transport and Communications, and the Ministry of Tourism.

That composition of government was confirmed at the afternoon session of the HSLS Council.

#### Background of Rift in HDZ Discussed

93BA1008B Zagreb GLOBUS in Serbo-Croatian  
23 Apr 93 pp 13-15

[Interview with Josip Boljkovac, zupan of Karlovac Zupanija, by Robert Naprta; place and date not given: "Vukojevic Is Speaking on Behalf of a Sick Group of People Who Want To Take Power!"]

[Text] On Tuesday, 13 April, Josip Boljkovac was elected zupan of Karlovac Zupanija. In spite of the presence of the head of the HDZ [Croatian Democratic Union], Ivic Pasalic, and Vladimir Seks, deputy prime minister, some of the HDZ deputies supported the opposition proposal which insisted that Josip Boljkovac, one of the founders and a member of the Central Committee of the HDZ, become Karlovac zupan, although the Croatian Democratic Union officially supported a quite different candidate who was not even a member of it at the time when Boljkovac established in Karlovac what is now the incumbent party.

A few days later, Josip Boljkovac, after two meetings with the president of the republic (one was a meeting held in the company of the president's adviser, Tomislav Sutalo, and Sarinic, the new chief of the Security Service, and the second in private), sent the president his resignation from the post of Karlovac zupan [words indistinct]...concern the man who is supposed to take the position of zupan of Karlovac Zupanija. Under Boljkovac's conditions, the office of zupan is not open to any of the Karlovac members of the HDZ who, in his opinion, bear some of the responsibility for the legal insecurity in that region and who are suspected of misuse of the money collected by Croatian emigres.

The scandal which broke out in connection with appointment of the Karlovac zupan is only one of the manifestations of the increasingly strong conflicts in the HDZ. Josip Boljkovac, who is risking his entire prestige to attack as strongly as possible the right-wing faction of the HDZ, and Vice Vukojevic, who has said of Boljkovac that he is a "ghost of the past," have in recent days emerged as the main participants in these conflicts.

Both Vukojevic and Boljkovac are probably the victims chosen in advance by the two belligerent currents in the incumbent party. A conflict between two conceptions of Croatia's system is taking place behind their open public conflict. That conflict, by all appearances, is entirely irreconcilable, and it was the departure of the president of the republic to the United States that made it possible for it to flare up.

[Naprta] Mr. Boljkovac, for a start can you comment on the recent statement by Vice Vukojevic who called you a "ghost of the past" in the daily press?

[Boljkovac] That did not bother me very much, because I know the cultural level of Vice Vukojevic's public and political statements. We used to be friends. I first got to know him at the Founding Assembly of the HDZ of the city of Zagreb, where he was a candidate for president of the city committee. At that time, he was not chosen for that place, which went to Stipe Mesic, whom I have known for 30 years now. Back at that meeting, I said that the main objectives of the HDZ are parliamentary democracy, which we still do not have, because the war has prevented a strict division of power into legislative, executive, and judicial, and I spoke in favor of ecology, protection of the environment, and natural resources. While I was speaking, I noticed a man who was sitting among the members of the party's presidium, and I asked someone there in the room who the sphinx was? He never smiled, he seemed like a statue. They told me that was Vice Vukojevic, and a friend told me that that Vukojevic had been in prison for a short time, and after that he had been released to emigrate to France. That friend of mine also remarked that he suspected that Vukojevic was receiving a stipend from the Yugoslav government, but I resolutely rejected those suspicions and said that I could not believe anything like that. I do not say that even now, but I want the public to know what was said about him even then, but I always defended him against such accusations.

[Naprta] Do you mean to say that there was suspicion that Vukojevic, because he had been in prison, was collaborating with the Yugoslav police?

[Boljkovac] At that time, they did not release people from prison so easily, get on with you now, but he was nevertheless released, and after that he had to emigrate to France. At that time, those same Yugoslav police, for example, were constantly "investigating" and following me. They even staked out my house in Vukova Gorica and recorded and checked the license plate numbers of the cars of all the people who made private visits to me at that time. Vice Vukojevic ended up in Paris, but I personally think that he never really took to being an emigre. And now he reproaches me because of my past! And what kind of past is it I belong to? The generation to which I belong decided in 1941 to fight to liberate the country from the occupier, which I hold was the duty of every citizen of Croatia, and the objective of that struggle was also the national liberation of Croatia and the creation of a national and social state of Croats. All

of that is still relevant today. This was a generation of young Democrats who never belonged to the Stalinist party or idea.

[Naprta] What do you think, is Vukojevic speaking in his own name?

[Boljkovac] I think that Vukojevic speaks on behalf of an extremist and thick group of people who want to take power at any price. But I would quote the words of my dear friend, Gustav Stroom, who said: "Honor, but not power, to the emigre community!" I think the same. People from the emigre community have helped us a lot, and they deserve full credit for that, but they nevertheless have been away from here for decades and could not have followed what has been happening here, so that many things are not really clear to them now.

[Naprta] How strong in your judgment is the group of people for whom Vice Vukojevic is speaking?

[Boljkovac] That group is obviously very, very loud, but I think they do not have any great influence with the Croatian people.

[Naprta] And how strong is that current in the HDZ?

[Boljkovac] I think it has a certain influence in some structures of the party. Some of the people lined up behind Vice Vukojevic, because he is very loud and extreme, but his views have never been clearly and fully spelled out.

[Naprta] To which side has Ivic Pasalic, chairman of the HDZ Executive Committee, inclined?

[Boljkovac] Ivic Pasalic has completely taken the side of Vice Vukojevic, and I personally think that he is not up to performing such a requiring job as guiding the party. He still has a lot to learn, not only because he is young, but he also should listen to those who are more experienced than he is and who love Croatia just as much as he does. But in his actions he has proven that he loves Croatia less than those of us who have been building and who have built it. Pasalic did not form the HDZ in 1990, nor had anyone known or heard of him. But now he has come like a butterfly in the spring when the sun comes out, when all the work has been done. I established the HDZ in Karlovac at a time when that was a very dangerous thing and when we all might have ended up in prison for doing that. The kind of times those were is indicated by the fact that I was unable to get together enough people to establish a chapter of the HDZ. Mr. Cvitanovic, chairman of the Coordinating Committee of the HDZ for Karlovac, when we asked him to join us, said that he would not become part of an Ustasha organization, and now he is the biggest HDZ-ite there is!

[Naprta] In an interview in VECERNJI LIST, Mr. Vukojevic mentioned that he has certain documents which, he says, he could use to discredit you and certain other leaders of the HDZ. Do you perhaps know to what he is referring?



[Boljkovac] I can imagine. As far as I know, Vukojevic has certain forged documents and verdicts which he would like to impute to me, saying that I personally condemned people to death in the name of the Partizan 2d and 4th Armies. Those are, of course, utter stupidities and lies, because at that time I was neither in the positions nor places to be able to do that. After the war, as many living witnesses can testify for you, I was an employee of the police attached to the Opcina Court in Karlovac, above that was the District Court, which had all powers over us, and we were unable to issue such verdicts. Those sitting on that District Court were all Serbs, and on my own responsibility and at my own discretion I made it possible for many Ustashi arrested after the war to get their freedom without a trial.

[Naprta] Does that mean that today they are accusing you of having mistreated and abused Croats after the war?

[Boljkovac] Just go find people who ended up in the Karlovac Prison as Ustashi, and you will hear the truth about what I did there and how I behaved. Just ask Ivo Macecevic and his brother, Antun, a veterinarian in Karlovac. That Macecevic came to me three months ago, embraced me, and asked whether I remembered him. He said to me at the time: "Mr. Boljkovac, at that time you released me and seven other Ustashi, although that was not in your jurisdiction. I then went to Canada and now I am a businessman in Toronto." Also ask Herceg from Germany, to whom we even gave money to flee across the border. I have nothing to hide. If it had not been for us Croats in that police department, the question is how many people among the Ustashi would have remained alive? And they wanted to kill them all, that is well-known. Ask anyone you like, even ask the other Ustashi who now frequently come to me as friends. I am now a happy man because of that.

[Naprta] Vice Vukojevic says that he also has documents which because of economic crimes could discredit many leading people in the HDZ who belong to your political faction in the party.

[Boljkovac] I can say with responsibility that the esteemed gentlemen and my esteemed friends Nikica Valentic, Franjo Greguric, Mladen Vedris, Stipe Mesic, Josip Manolic, and also Dalibor Kovacevic, have all given everything they could to Croatia, that they all suffered politically in 1971 because of their Croatism. Our esteemed President Tudjman has no greater friends and loyal collaborators than we are, and I recommend that he do everything he can to keep his friends. After all, these friends will lead him away to ruin, and they are after his head as well as ours. These people are not sound of mind, and I do not know what they want.

[Naprta] When did all these divisions in the HDZ begin?

[Boljkovac] Those divisions in the HDZ began solely because the democratic line in the party was dangerously threatened. In any case, the divisions began back two years ago, on the eve of the beginning of war in Croatia,

when certain people like Vice Vukojevic and Vladimir Seks wanted to go to war immediately. They thought that we would beat the Serbs overnight and get a Croatian state with slogans and words. But the rest of us, led by President Tudjman, were aware that only by buying time and further postponing the general conflict could we organize a strong army and police, and it would later be able to resist the Serbian military power. Even then various Vukojevic's and Seks' were dragging us to ruin and pushing us into a general war. I still do not want to reveal in public certain things, because the time has not yet come, but if I am going to pay for it with my head—and I must say that that is the kind of situation we have today—there are documents which make it evident who was the first to reach out his hand to the Serbian eagles to begin to destroy Croatia. We know who it was, but I still do not want to state this publicly, because I would thereby be causing harm to Croatia and President Tudjman, who needs support now. President Tudjman is in the United States at the moment, and there, as you know, he met with the leadership of the Croatian Fraternal Union, whose president, Mr. Luketic, has been a very good friend of mine for years now. Last night, Luketic tried several times to get me on the phone after talking to President Tudjman, and only in the evening did we get to talk. I can tell you that I am very happy about that conversation and the results of the visit of President Tudjman to the Croatian Fraternal Union.

[Naprta] What in your opinion will be the upshot of the open conflict which has now flared up again in the HDZ?

[Boljkovac] Unless President Tudjman urgently renounces various Vukojevic's, Ivic Pasalic's, and Seks', who are giving him bad information and who are dragging him to ruin with their advice, then it will not be good for Croatia. All of us in the HDZ who advocate the democratic option for Croatia and who are against fascism, have proven our full devotion to President Tudjman countless times. Tudjman must renounce those extremists who want to betray him and ruin him, just as Pavelic was ruined by his extremist ministers who did not know how to think in long-range terms. This must not happen to Croatia again, we cannot allow that. We fully support President Tudjman and his program, but he must be mindful of the people with whom he is associating. He must get rid of Vukojevic and Seks, who are not clean, and who do not understand the space and time in which they live, nor are they up to it. They cannot shout to us that we are communards when we have carried out a transformation of Croatian politics and have built a Croatian state. So what do they want? In 1971, we all were tried, some before military courts, some before civilian courts, all of us were persecuted by the police, that cannot be denied. Various Vukojevic's not only do not have the right to degrade that, they do not even have the strength. And I will tell you something else. Vukojevic belongs to those who have been breaking the laws of the Croatian state and its legal system, they are those who did not want a law-governed state, and when we make public what they have done, they deserve

to go before a court. If I should not be around at that time, we have everything written down and documented, and when we publish this, they will have to answer on this question before a Croatian court. After all, they sent a Croatian citizen to the Croatian Army when a friendly country remitted him to us to serve a sentence in our country. That is not permissible, because that man was convicted in that country and sentenced to life for terrorism, and they remanded him so that it would be easier for him to serve his sentence in this country. And Vukojevic and people like him then sent that man to the Croatian Army, contrary to all international legal standards. That is a crime under international law, and it detracts from Croatia's reputation in the world and leads it to anarchy. I repeat once again, more power to our emigre community, but they cannot presume to say that they are bigger Croats than we who remained in the country and fought here for years for the same objectives as they did, but by other means. Croatia can be led only by sober people, not by extremists, burdened with the past and other illnesses which they may or may not have contracted. I do not know, but people are saying all kinds of things. Those people who only recently came to Croatia from the emigre community, they have yet to prove themselves with their work and deeds, and by no means can they rule Croatia. Emigres cannot run the counterintelligence service and intelligence service of the Croatian Army. I pay them honor and recognition, but they are burdened with who knows what, and that is a misfortune for Croatia. There cannot be paramilitary formations in Croatia, we have the Croatian Army and the police, we have the commander in chief, Dr. Franjo Tudjman, in whom we place full confidence, and we tell others to watch what they are doing and let them not play with the destiny of the long-suffering Croatian people. We have fought and gained a state that is the largest since

Tomislav and the year 925, and we dare not allow anyone to compromise or ruin it now.

[Naprtia] What is your assessment of future events related to those conflicts between your current and Vukojevic's current in the HDZ, and in particular what is your opinion about the side that President Tudjman will take?

[Boljkovac] I am completely convinced that two and a half million Croats from our diaspora are giving support to our conception of Croatia, not to the kind of Croatia that Vukojevic, Seks, and Ivic Pasalic would like. Our diaspora does not want a fascist or, better put, extremist Croatia. They all want a democratic Croatia as a law-governed state within internationally recognized borders, a country of peace that is turned toward the future. I and several others whom I have already mentioned are great friends of President Tudjman. He has no greater friends than us: We have known each other for 30 years now. He has always spoken well of me, as indeed have I of him. We want to help him, just as we helped him in the time before the war with the Serbs, after which Vukojevic, Seks, and people like them have tried to set us at odds. So, President Tudjman should now add up all those things and listen to us, his best and most devoted friends from those days when we jointly created the HDZ. And if he renounces us, his biggest friends and most devoted collaborators, I will now tell you what his subsequent destiny will be afterwards. I wish President Tudjman happiness, I want him to continue to guide Croatia, but along a democratic road, and not allow individuals to pull him by the coattails into an abyss. He will have support from us to the end, and only with us will he be victorious. But if he renounces the democratic opposition and us under pressure of the right-wing forces in the party, then I do not know where Croatia will go.

**\* New Slovak Demands Viewed by Czech Press****\* Territorial Claims**

93CH0644A Prague TELEGRAF in Czech  
26 Apr 93 pp 1, 3

[Interview with Mecislav Borak, historian of the Silesian Institute, by Jana Lorencova; place and date not given: "Slovak Demands Cause Embarrassment"]

[Text] The shocking demand on the part of the Slovaks for restitution for the territory in the Tesin region, just like the statement made by the chairman of the Czech Government about considerations of a superzero alternative, evoked a wave of interest in the history of the Czech-Polish and the Slovak-Polish border region in the Tesin, Orava, and Spis areas. We requested an interview with the historian Mecislav Borak from the Silesian Institute in Opava to talk about this subject.

[Lorencova] Dr. Borak, are there any historical facts on which the Slovaks could base their demand?

[Borak] No, they do not exist under any circumstances. In 1938, the Poles took advantage of the critical situation in which Czechoslovakia found itself and occupied the region of Tesin and a part of the border region in the Tatra district, in Pieniny, and so forth. They had already shown an interest in this region during the period between the wars. However, immediately after its inception in 1939, the Slovak state, supported by Hitler, took back the Slovak part of the occupied territory. The Slovak Army marched about 90 km into Poland and occupied not only what Poland had taken a year earlier but also what it had been entitled to in 1920. For the next six years, this territory was administered by Slovakia. After the war, the victorious allies decided that they would not recognize the Munich Pact or any subsequent agreements made within its framework during the war. The logical consequence of the Czechoslovak Government's endeavors after Hitler's defeat was to reinstate the prewar borders of 1924, at which time the last corrections to the borders had been made.

[Lorencova] Is it true that the inhabitants of Spis and Orava had wanted to stay with the CSR in 1918?

[Borak] Following the breakup of the Austro-Hungarian monarchy in November 1918, the Polish Army occupied part of Spis and Orava. The absolute majority of the citizens of that region demanded a plebiscite, which, however, was not held, and it is quite possible that the Czechoslovak Government's policies really did play a role in this connection because they included an interest in keeping the territory of Tesin, which was strategically important. But, at that time, Czechoslovakia was in the process of being created, and its borders were just being established. That was dependent not only on its own diplomatic policies but also on the interest of the other Allies. Therefore, the conference of ambassadors in Spa in 1920 granted the Poles the right to a part of Spis and Orava. At the same conference, it was decided that a part

of Tesin, which was divided in the same way as Spis and Orava, would be a part of the newly created Czechoslovakia in the future.

[Lorencova] Therefore, it is not a matter of a right to restitution?

[Borak] Certainly not. The Poles would have to be extremely naive to accede to such a transaction, the result of which would be more than problematic, and to exchange wealthy and industrialized Tesin for a few poor communities in Spis and Orava. On the contrary, the Poles wanted Tesin at least as much as we did; in addition, they outnumbered us there. The situation has changed now, and, after 70 years, the percentage of Poles there is much smaller. But it is true that the Tesin region, just like other border regions, was the object of various speculations and friction between nationalities, which occur wherever a population is mixed.

[Lorencova] What form did the development take during the war and afterwards?

[Borak] When a Polish administration was reinstituted after the Slovak state had administered it for six years, it was opposed by the citizens. The Army was summoned from Krakow, and there were bloody clashes between the Slovak and the Polish militias in many places; thus, to some extent, the Polish administration was introduced there by force. The Polish Army did not succeed in enforcing it definitively until July 1945. Today, Slovakia is not very eager to admit that, during the war, it had considerable benefits and economic advantages from its cooperation with Hitler. Figuratively speaking, its table did not belong among the poor ones, and the communities in the region of Spis and Orava, in particular, were able to appreciate it as they neighbored on the General Gouvernement, where terror and poverty prevailed. Hitler was able to generously acknowledge that Slovakia was his truly active ally at the beginning of the war because it was the Slovak Army that started the first military campaign with the Wehrmacht. However, as the end of the war drew near and it became clear that Germany would lose the war, the Slovaks quite rightly had misgivings that the Soviet Union and the other countries in the alliance against Hitler would, apart from other sanctions, demand war reparations from Slovakia, and that would mean that, in that context, Slovak industry could end up somewhere in Siberia. Those were not good prospects, especially when the Slovaks realized how the Soviet Union intended to deal with its enemies. At the beginning of 1944, thousands of Slovaks were indiscriminately transported to the Soviet Union on the orders of the NKVD [People's Commissariat of Internal Affairs], and their fate was sealed in various gulags. Then, when the opportunity arose for Czechoslovakia to exist again within its original borders of 1924, Slovakia was very happy to take shelter under its "protective wings." Czechoslovakia now exists within exactly the same borders as it has since 1924. The Slovak demands being discussed today would cause one to smile were it not for the fact that they are being stated by the highest

Slovak political and government representatives. As it is, they are more likely to cause embarrassment instead.

**\* Search for Scapegoat**

93CH0644B Prague *LIDOVE NOVINY* in Czech  
29 Apr 93 p 16

[Editorial by Ales Bulir: "Slovak Press"]

[Text] Every day I receive a selection of the Czech and Slovak economic press. It is interesting reading. The Czech press as a whole has lost much of the fervor with which it expressed itself about the breakup of Czechoslovakia in the beginning. Most Czech journalists seem to have realized that flogging a dead horse will help neither mutual trade nor political stability. On the other hand, the Slovak press has fundamentally changed the tone of its commentaries during approximately the past four weeks. In 1992, Slovak journalists hardly produced any economic commentaries. However, during the first months of 1993, the Slovak public realized that the economic prospects of an independent Slovakia are not exactly auspicious. The loss of foreign currency reserves, growing unemployment, and an increasing lack of confidence in the government's economic policies are disturbing. Thus, the search for a scapegoat has become the focal topic. It was not too difficult; the scapegoats, exactly as was expected, are the Czechs.

The unfortunate victim of Czech cunning, even verging on perfidiousness, is the trusting Slovak nation. The main idea behind those articles was expressed by an anecdote—unfortunately, meant seriously—in an article in the Slovak *PRACA* titled "Winter Coat With Seven Holes Burned in It." I will give a loose rendering of it: A Slovak is hurling abuse at a Czech, and the latter just keeps smiling as though nothing is wrong. A passer-by asks the Czech why he puts up with the insults. The Czech replies with a smile: "While he was hurling abuse at me, I burned seven holes in his winter coat."

What is a Slovak winter coat with seven holes burned in it? Briefly stated, it is all of the debts outstanding to the Czechs. The Slovak press succeeded in putting into question the division of the balance of the SBCS [Czechoslovak State Bank], and the privatization of Cedok [Czechoslovak Travel Office] and the CSA [Czechoslovak Airlines]. The Czechs harmed the trusting Slovaks by stealing the flag, by the economic reform, by the fact that Slovaks living in Prague are not returning, and even by the fact that, for 70 years, the capital of Czechoslovakia was Prague. The saddest part is that these types of "economic analyses" are published by the entire press, without exception.

The Slovak scene is immature. Instead of looking for faults in itself, it is trying to find an outside scapegoat, and that is both dangerous and useless. It does not decrease the Slovak problems by one iota.

**\* Price Regulation Comparable to Other Countries**

93CH0636B Prague *EKONOM* in Czech 5 May 93  
pp 21-22

[Article by Irena Satavova: "Price Policy: Extent of Regulation"]

[Text] In public opinion polls in the first quarter of this year, a surprisingly large number of those asked said that they considered the state to be the culprit responsible for the price increases. The word "surprising" is used in the context that we have been talking about for three years concerning price liberalization, which means that the state rejects its previous paternalistic role and is curtailing its intervention in the economy, including prices. We invited Eng. Emanuel Sip, director of the price regulation section of the Ministry of Finance, to talk with us about this subject.

[Sip] To evaluate the price level in our economy, I will use the comparison with a household. No one in any family, unless he is stealing, can buy goods and service for which he did not earn the money. Which means that we as an economy have precisely the prices we are entitled to. The government can influence them by its "dumb" or "smart" economic policy, but the real price level will always correspond with the quality of production, which means the export capacity of the economy, and will rise in an unsettled economy.

[Satavova] Let's be specific now: How did the government's price policy develop during the past three years? How did the range of state regulated prices change?

[Sip] In the middle of 1990, about 85 percent of all prices were regulated. The government that had been in power before November 1989 had already made an effort to replace rigid prices with negotiated prices. Since January 1991, the ratio 85:15 between regulated and unregulated prices changed drastically to 15:85. During the course of the first year of transformation, the volume of regulated prices, measured by the gross domestic product, continued to decline to approximately 6 percent and has stayed at the level of 5-6 percent since then.

[Satavova] Which goods fall within the 5-6 percent of the regulated prices?

[Sip] I do not think our price regulation should embarrass us before the advanced world. We influence the prices of the same kind of goods as most other countries; that means basic fuels and energy, water and sewage rates, prices of railway and bus transportation, postage, telecommunications, prices in health care, and, of course, rents. There are certainly problem areas among the above-mentioned items. Let us take health care, for example, where the situation undoubtedly is not what it should be. It is in disarray because, among other things, there are a number of nonsystematical, nonmarket elements. We know very well that health care functions best when it is private. At the same time, however, we also know that every economy—and an impoverished

economy all the more—needs a certain measure of basic guarantees of health-care services. If we add to it our well-entrenched bureaucracy, our very unique currency of the so-called health-care points we introduced without a corresponding restrictive policy, it is no wonder that health care here is replete with incongruities. The biggest problems are caused by the fact that, during the past 40 years, this prominent field, moored to the state budget, went into great decline. And that cannot be changed immediately even by the most clever of systems.

[Satavova] What is your prognosis for the range of state-regulated prices in the future? And on what time schedule should further development proceed?

[Sip] The state will not rid itself of price regulation until at least a basic level of competition develops in the above-mentioned branches, which we observe, for example, in our big industries. As long as the consumer is unable to choose his energy supplier, his provider of transportation, his physician, or his health-insurance company, we cannot expect any significant limitation of the regulation of those prices.

[Satavova] Let us then turn our attention to the remaining 94 percent of contractually formed prices. Do you feel that, in this area, there are no conflicts?

[Sip] On one hand, we must admit that our economy is small and still legislatively blocked, and that we have a monopoly here for any kind of foolishness. Where monopolists or sellers are dominant, you cannot avoid price distortions. On the other hand, we can see that monopolies are becoming fewer, competitive relations are increasing, and those who previously had an easy time dominating the market with exaggerated prices find it difficult to sell and must take demand into consideration. It means that our economy is developing in a rational way, and it is therefore logical that, gradually, even the bureaucratic restrictions that today still hamper the negotiating of prices will disappear. Dismantling regulations and various resolutions that block the negotiation of prices is a change always dependent on a competitive environment, not the other way around.

[Satavova] Nevertheless, there is the impression that, behind a crucial number of goods, a "monopoly" or a cartel agreement stands in the background, and the state should therefore take a more active role in this situation.

[Sip] The Ministry for Economic Competition does not have an easy task today. It should act as a rapid deployment unit that should know how to intervene swiftly and firmly, and, for that, it needs the appropriate legislation. If competitiveness develops naturally, we can very quickly achieve the transformation to a general market economy. In fact, even more quickly because we are not burdened by a vast number of monopolistic traditions typical for advanced countries, where monopolies developed organically not as a result of state planning but through normal market-driven development over the past 200 years. The fact that in a number of areas we are a blank page is to our advantage.

[Satavova] Where is the dividing line between the goods with regulated and free prices, and, how flexible is it? Remember the situation before the end of last year, when temporary maximum prices were set for meat, which otherwise is not subject to price regulations?

[Sip] The decision whether or not to regulate prices is a matter of economic judgment under the given conditions. Now, after the 8-percent increase in the price level, resulting from the introduction of new taxes at the beginning of the year, the situation is by and large stabilized, and it appears that we could do without the price controls. The decision to control the price of meat was more a political than an economic one. It is hard to guess what the situation would have been if that measure had not been adopted. Mostly, it is not the regulation itself that is important, but the possibility that the state can apply it very quickly and rigorously, as it did now in the case of gasoline prices. It is proper that the state refrain from using that possibility, but it is also proper that it knows it has that option. We are talking about an element of economic policy that pushes the price policy of large, dominant firms to a kind of reasonable, tolerable, and digestible level, even though I do not claim it is the optimum level.

[Satavova] Are you then of the opinion that the state has the right to intervene in the development of prices?

[Sip] Yes, that right is recognized by every market economy. At the same time, I maintain that the state has the obligation not to intervene in all those instances where intervention is not absolutely necessary.

[Satavova] Who makes the decision that it is absolutely necessary?

[Sip] In the final analysis, the voters decide whether it is necessary. When their patience becomes exhausted by unnecessary government intervention or, on the contrary, because necessary measures were not taken, the voters will in fact decide and possibly elect different politics, a different government.

[Satavova] That sounds very acceptable from the long-term point of view, but who will decide in a given case and at a given time whether the fluctuations are really so significant that price regulations need to be introduced?

[Sip] According to the law on prices, that responsibility belongs to the executive power—that is, the Ministry of Finance. Short-term price regulation shock therapy makes sense only in those instances where prices are increasing as a result of monopolistic influences or cartel agreements—that is, when integrated dominant sellers exert unregulated pressure on the market. Then a maximum price set at a sufficiently economical level, but, at the same time, lower than the monopolistic or cartel price, stabilizes the market very quickly. A maximum price cannot be used, of course, if costs are increasing objectively.

[Satavova] In your opinion, can we expect that, after a competitive environment develops, which will eliminate monopolistic high prices for goods not subject to price regulation, the price liberalization will also manifest itself in a decline in prices?

[Sip] I do not believe that will be the main direction in which developments will take us. Prices around the world are constantly increasing, and the level of our wages and salaries, corresponding to the efficiency of our economy, is low beyond any criticism. That means that, as our economy enters the stage of more stable growth, we shall probably not see prices declining but, rather, prices moderately or rather strongly increasing. But wages and salaries will increase simultaneously on the basis of increasing labor productivity, while, at the same time, the necessary guarantees of a reasonable monetary policy will be maintained, and there will also be more money for social security for those who are dependent on some form of fixed income or social benefits.

**\* Inadequate Job Safety Seen as Export Obstacle**

93CH0636A Prague HOSPODARSKE NOVINY in  
Czech 26 Apr 93 p 5

[Article by (PJ): "It Will Not Work Without European Legislation"]

[Text] In recent years, losses caused by work-related injuries and accidents with machinery and equipment came to more than Kc [Czech korunas] 22 billion in the Czech Republic [CR]. These were mainly costs of the related health-care and social benefits, and losses caused to entrepreneurs and the national income. And I am only mentioning the economic aspect of the injuries. However, these losses could be substantially smaller if the parliament were to pass the law on work safety and protection (BOZP), and, most important, if it were applied—if the Czech Office for Work Safety (CUBP), being the government agency responsible for this area, were able to apply the entirely new concept of supervising work-related problems now. This is what Dr. Bohuslav Pokorny, the CUBZ director, said as an introduction to our interview with him.

[PJ] You are the director of the agency responsible for these issues. Why then are you not using the authority given to you and applying the new concept now?

[Pokorny] Such a fundamental change in the present concept, which I had in mind and which would significantly reduce the current losses, can be implemented only by applying the law on BOZP. The change cannot be anticipated at the agency level.

During the past three years, various experts drafted and pushed several times for a law on BOZP, corresponding to the International Labor Organization Agreement No. 155 and harmonized with the framework EEC directive No. 391/1989. All countries neighboring on the CR and the Slovak Republic [SR] already have laws on BOZP on their books. In this respect, we are quite alone in Central

Europe. Moreover, most of the EC countries have already brought their original BOZP laws in line with the mentioned directive effective on 1 January 1993. Since 1990, the CUBP submitted a draft law on BOZP four times as a task for the legislature. But this task was always put off in the end on the grounds that this issue is taken care of by the Labor Code, which is going to be amended.

In 1992, the CUBP submitted to the Czech Government the Program for Work Safety and Health Protection for the 1990's, which the government discussed at the end of the year. Work on the program will be completed only after the CUPB is subordinated to the minister of labor and social affairs.

Moreover, in the entire issue of work safety, the still nonexistent Accident Insurance Agency [UP] also plays an essential part.

[PJ] Why is the role of the Accident Insurance Agency essential, in your opinion?

[Pokorny] Purely economic calculations will force UP to take a number of preventive measures. I expect that UP will expend a significant part of its financial means for precisely defined purposes—probably by a system of grants. These will most likely be research projects and participation in creating qualitatively different mechanisms of management and control. Supplying the necessary equipment to nongovernmental regional institutions in this field, when they come into being, will probably be part of that also. Very definitely, however, they will include extensive specialized training and general education, combined with wide publicity, such as is the general practice in West Europe. If UP targets investments of at least Kc100 million at all of this, society's economic and human losses will decline very dynamically, and UP will get back the invested amount 10 to 40 times over. We are still partially supporting these activities without the corresponding legislative, program, technical, and economic provisions. We should not forget that the number of private workshops and very small enterprises is continually increasing. Here a nationwide educational program is essential.

[PJ] You mentioned conceptual differences between CR laws and those of the EC countries. What is the greatest obstacle preventing their coordination?

[Pokorny] From the department's point of view, it is the lack of a BOZP law. There is no legal provision governing the reduction of risks that pose danger to the life and health of people, irrespective of their working status. In the CR legislation, the Labor Code remains ensconced as a memorial to socialism. It is a legislative norm limited only to relations between employees and employers and does not appear in the legislations of advanced democratic countries. Its spirit is in conflict with the social and economic changes a market economy brings and, in fact, in conflict with the needs of most of the working people. For example, even after this year's updating, it will still contain legally arguable protection

of more than 600,000 workers who are not employees but are self-employed workers or members of their families. To that must be added about 2 million other citizens who, although they themselves do not work, are nevertheless endangered every day by work activities and are subject to accidents with technical equipment in practically the same way. These groups of citizens have substantially less legal protection, although their risks are practically identical with the risks of the 4.5 million employees protected by the Labor Code, and, considering the nonexistent preventive measures, they may be at even greater risk.

[PJ] This legislative immaturity is reminiscent of the situation with the Czechoslovak National Standards [CSN]. The unexpected extension of their validity, although they are useable only to the east of Asia, relativizes the statements about the road to Europe.

[Pokorny] The termination of the validity of the CSN was legalized in 1991 by Law No. 142. But, after its amendment by Law No. 632/1992, the CSN will remain in force for another two years. As a result, entrepreneurs oriented simultaneously toward domestic and foreign markets were put at a disadvantage. The EC standards are not compatible with the CSN. On 1 January 1993, a paradoxical situation developed for the CR in the integrating Europe: If some manufacturer wants to sell on both the Czech and the West European markets, he must manufacture the same kind of goods according to two different standards—that is, in two versions. But the incompatible Czechoslovak standards are not our greatest problem. Our manufacturers may find that, even if they do meet all of the prescribed technical standards, the marketing of their products in EC countries will be declared unfair competition, with all of the attendant legal and economic consequences. If we have rather inefficient systems of active and passive work safety measures in comparison with the EC countries, our

manufacturers unjustly gain more advantageous conditions because they do not have to invest so much in workplace safety. A higher risk of work-related injuries and illnesses allows the use of dumping prices. And the EC, in its current economic depression, systematically resists them.

[PJ] What do you consider to be most important in your field in the immediate future?

[Pokorny] Precise analysis and a careful balancing of regulatory mechanisms—on the one hand, the mechanisms of the regulated supervision by the state and, on the other, the mechanisms of the market autoregulation. In the control and regulatory government agencies, the removal of barriers and demonopolization is always a very sensitive issue.

I will give examples of two basic alternatives. In Germany and Austria, government regulatory mechanisms are historically favored. The state exercises preventive control at many levels over the citizen, his work, and his other activities, and, in that way, it partially relieves him of the burden of responsibility for himself. The British-American approach, in contrast, is based on the principle of maximum individual responsibility, with the government's influence held to a minimum and practically without preventive control. For example, even certification is not controlled there by the government, but only by businesses. Citizens do not expect to function by meeting detailed regulations (they are, as a rule, rather general), but, as producers as well as users, they are forced to anticipate the risks in all of their activities and are also fully responsible for their consequences. Every system of government control has its advantages and disadvantages. To make the right choice is a matter of politics. Only in relation to the chosen, precisely formulated, and substantiated basic orientation can the individual departments create legislation with the same orientation.



**\* Csurka Attacks MDF Center, Boross Statements**

93CH0613A Budapest MAGYAR FORUM in Hungarian 15 Apr 93 p 13

[Article by Istvan Csurka: "The Stabilities of Peter Boross"]

[Excerpt] [Passage omitted] Of course, I did not give birth to the MDF [Hungarian Democratic Forum], but without me it would have been different from the very beginning. And now enters Interior Minister Peter Boross who observed all these processes from somewhere or other, obviously with sympathy, but without risking anything or attracting the vigilant attention of the State Security organs. Now, as the boss of the very same organs, he makes assumption in party-state style about a member of the MDF Executive who was elected by 536 votes. What is this? Where do we find here any trace of the purpose for which the MDF was formed?

Today the "center" of the MDF is in complete agreement with the SZDSZ [Alliance of Free Democrats] and FIDESZ [Federation of Young Democrats] regarding the need to oust me from the MDF. According to some people, my ouster has already occurred. Even during negotiations with the government, the center's worried allies were reassured that my removal is merely a question of time. The leaders of the liberals regard the MDF as a suitable coalition partner only if the populist-nationalist line, and now also the Hungarian Way, are no more. By now, even circles of the MDF center make no secret of what this is all about: The MDF wants to satisfy expectations, because that is the only way it sees its place ensured in the next government. To this end, there is no need for a majority of charter members, who are no longer around anyhow. There is likewise no need for enthusiastic "billposters." Instead, this linkup has to be based on new cadres.

Who these cadres actually are was outlined at the caucus meeting in Balatonkenese last spring. It was necessary to come to terms with the "nomenklatura bourgeoisie," it was announced then. Because of fierce opposition, however, it was deemed advisable to fudge this. But in practice, the center continued this policy of coming to terms, and this is condensed into the dissatisfaction surrounding privatization. The National Assembly repeatedly rejected the privatization minister's answers to questions put to him. But now he has become the campaign manager. That is already plain language: The nomenklatura-bourgeoisie can rest assured, the MDF and the government it heads will continue not to take even a penny away from them. Lined up on the other side are the state budget, the series of price increases, austerity measures, taxes, surtaxes, and exclusion from privatization. It is already April and Easter, without even a trace of the mass privatization movement that Kupa had opposed. On the other hand, scandals involving hundreds of millions of forints are erupting daily, and it will be good if at least one or two of them

advance to the stage of prosecution. The files on matters that were typical of the MDF's firmness before the National Convention—for instance, the case of the rolling dollars—are now closed. The liberal opposition predicted as much. Obviously, the ones who at least bear these things in mind have to be ousted, in order to be able to embrace those against whom the MDF had originally been harmed.

**The Aczel Staff Remains**

Until 1987, the founders of the MDF collaborated with groups that were called the democratic opposition. That collaboration was never free of friction, but there was no other choice against the "common enemy," the party-state. But by 1987 it became evident that on the national issue and Christian values—indeed, on Hungary's entire future—there were insurmountable differences. What up to then only a few people had recognized, and had kept to themselves in the interest of the common cause, now surfaced. Namely, that the democratic opposition, no matter how radical and opposed to the political system, was so closely related to certain circles of party-state supporters—to the Aczel staff—that its coming to power would mean not a change of political systems, but an extension of the left's continuous rule since 1945, against which the MDF had very finely positioned itself in Lakitelek.

In the 1990 election campaign, all this nearly surfaced. The MDF of the day fought tooth and nail against the SZDSZ specifically in that spirit, and was subjected to the dirtiest local vilification by it.

All this is a thing of the past. The key positions within the MDF are held by liberals, and belonging to Jozsef Antall's center simultaneously means acceptance of the need to create a new MDF that is a suitable coalition partner. This new MDF expects that the Smallholders will drop out, and that Surjan's obliging Christian Democrats can be brought with a nod into this new grand coalition, which will defeat the MSZP-[Hungarian Socialist Party]-led left, presented as the great threat.

The media will be ecstatic. Every Tom, Dick and Harry among the party-state's supporters will be swept into office on the coattails of the Free Democrats and FIDESZ, in an even greater flood than before. And the people will be told that the left has been defeated.

That left which, incidentally, did not have the slightest intention of gaining power. After all, what can be more comfortable than to occupy key positions, accumulate wealth, and threaten to reveal files. Nevertheless, the MSZP cannot be blamed for all this. It would be foolish not to accept what is played into its hands.

**The Fundamental Difference**

That is the fundamental difference between the Hungarian Way and the MDF's center. Peter Boross sums all this up as follows: "I extremely regret that Istvan Csurka



has fallen into this trap; feeding his vanity, his immediate associates have already captivated him; he confuses his unrealistic expectations with the responsibility of drafting a political program; and thereby, in the final outcome, he is harming the nation."

What is distressing in this humiliatingly offensive sentence is not the extremely low-level, discrediting tone Boross adopts; nor the exalted, magisterial, interior-ministerial style he indulges in, which will then be squeaked about by the in-house Mickey Mice of the MDF. Distressing is the fact that he speaks of me, and hence also of a significant proportion of the MDF's membership, as outsiders, as phenomena foreign to the MDF. He is suggesting that we no longer belong there. But how come? Whose decision is that? Viktor Orban's or Ivan Peto's? Perhaps I may allow myself a modicum of vanity, sufficient not to gratify their expectations. Not even if this has already been reconciled with the complicitous liberalism of the MDF's center.

In conclusion, a few words about programs! According to Boross, it is not possible to negotiate with me because I have no program, only power ambitions, vanity, and many other things. For if I had a program of my own, that could be reconciled. It does not bother Peter Boross that the center, or rather the government, has no program either. He is satisfied with the contention that "the government is forced to govern amidst the existing realities, which means a series of exigencies. And Csurka is taking advantage of that, in the same way that the left does."

That is entirely false. Already in my essay, entitled "A Few Reflections on....." and published on 20 August, I wrote that what we have is a government of a series of improvisations, not by choice but under the pressure of circumstances. This statement was rejected at the time. But when some people consider it an attack when a person explores and describes a situation, that already rules out any sensible debate. I wrote that public opinion identifies the MDF with the government. And if the government is unable to curb the nomenklatura-bourgeoisie that is dominating the economy; if it cannot create order in regaining ownership of property; if it is exacting more and more ransom from its own electoral base while bleeding in the Procrustean bed of its inherited fiscal and monetary policy; and if it does not open up and expand production, even through protectionistic intervention if necessary; then [the MDF] has already lost the next election.

### The Deepest Point

The Kunszentmiklos nadir, the deepest point ever reached by the MDF, has proved me right. The people are turning away from the MDF, radically and already with hatred, because of the government's policies. I fail to understand how is it possible to speak of an opening here when in that electoral district, next door to Petofi's cradle, 800 and some votes were cast for the MDF? All

this happened—let us point out modestly—after the MDF Executive evicted the Hungarian Way circles from the MDF's organizations.

Of course, the Hungarian Way will have a program, and moreover, in due time. But we would like to see an MDF program we could support, at least in part. But there is no question of one. Specifically because of the "series of exigencies" mentioned by Boross, the MDF is unable to present a program, because each and every plank in the program clashes with the government's exigencies. The ones the government itself is creating, by wanting to please everyone.

It is not the Hungarian people's program but the government's "to move in the direction of harmonization, even after great historical catastrophes."

There is no sign of even the slightest intention to harmonize with the people. But the most concise formulation of the Hungarian Way's program is to be in harmony with the Hungarian people.

That is what we will be attempting to accomplish.

### \* Finance Minister on Impact of EBRD Strategy

93CH0616A Budapest PESTI HIRLAP in Hungarian  
28 Apr 93 p 3

[Interview with Finance Minister Ivan Szabo by Peter Csermely; in London, date not given: "Ivan Szabo on the Europe Bank's New Strategy; Tear Down the Barriers"]

[Text] *What impact would it have on the Hungarian economy as a whole if the new strategy of the European Bank for Reconstruction and Development [EBRD] became a reality? As it is well known the EBRD has worked out a concept under which the bank would mobilize its financial resources mainly to help start and finance small- and medium-size businesses. We have asked Minister of Finance Ivan Szabo to tell us about the Europe Bank's concept.*

[Szabo] Basically we have to agree with the concept prepared by the bank's top management. Hungary has a special interest in seeing this plan succeed, as our country boasts nearly 600,000 individual small businesses and some 60,000 small and medium-size enterprises with a total work force of over 1.5 million, amounting to 30 percent of the population. In terms of its property holdings, the sector's contribution to the GDP has been significantly greater than that of state firms of comparable capital strength.

[Csermely] After the ownership issues in agriculture are resolved, this inequity may further widen...

[Szabo] We must definitely take into account the likelihood that in the wake of the proprietary reform 15 to 20 percent of our agricultural producers will opt to operate as private farmers. This, in turn, may lead to the strengthening of the role of small and medium-size

agro-businesses, both in terms of the number of people involved and the significance of their contribution.

[Csermely] This category of producers, however, will require increasingly more financing.

[Szabo] The problem of providing producers with financial assistance stems from the fact that although in the course of the privatization process proprietors do eventually obtain most of the capital they need, they have a difficult time coming up with the active capital necessary to sustain production. Although Hungary's inflation rate of around 20 percent is among the most favorable in the region, it has been difficult to work out credit arrangements at corresponding rates of interest. But let us also not forget about the medium-size businesses, for that sphere could play a significant role in reducing unemployment, establishing export capacities and finding stable markets. This category of businesses definitely deserves support, which is why we attach such great importance to the EBRD's new, more risk tolerant strategy, and to the acceptance of the philosophy that promotes the tearing down of trade barriers that hinder these businesses from gaining access to markets.

[Box, p 3]

Ivan Szabo also talked yesterday about the status of the Japanese credits that are also in the process of being made available. As the finance minister explained, the total sum amounting to 12 billion forints could be ready for disbursement to credit applicants were it not for the banks, which because of the low interest rate (2 percent) are difficult to get interested in accepting the money. Ivan Szabo revealed that in his deliberations with his Japanese colleague they had also discussed the issue of the Nagymaros reconstruction project which Mr. Yamaguchi, the island country's finance minister, expressed a definite interest in further pursuing. The Hungarian finance minister also met with his Romanian counterpart Florin Georgescu, with whom he reached an agreement to lay down some basic principles aimed at doing away with double taxation.

**\* Constitutionality of Media Frequency Allocation Debated**

93CH0619C Budapest NEPSZABADSAG in Hungarian  
23 Apr 93 p 4

[Unattributed article: "Cultural Committee: A Media Law Is Essential"]

[Text] At its session yesterday, the Cultural Committee of the National Assembly considered bills on the allocation of frequencies, and on the operation of nonprofit organizations.

Deputies of the opposition parties raised several objections to the frequency allocation bill. In the opinion of Miklos Haraszti (SZDSZ [Alliance of Free Democrats]), bills regulating radio and television licensing ought to require a two-thirds vote for passage. In the absence of

such a rule, it is to be feared that a Frequency Allocation Law might be unconstitutional. Peter Molnar (FIDESZ [Federation of Young Democrats]) proposed that the National Assembly approve the table showing the allocation of domestic frequencies. As there is no Media Law, Ferenc Kosa (MSZP [Hungarian Socialist Party]) labeled the entire debate of the frequency allocation bill as absurd. In his opinion, it is absolutely essential to enact a Media Law because, without one, the legal loopholes make any kind of regulation impossible. Even now, the 1964 Constitution's section on monopolies is being violated continually. The reservation of frequencies is proceeding without any possibility of supervising it.

Ferenc Kulin, the committee's chairman, found that there was no question of the Constitution's violation. According to the government's expert who appeared before the committee, the frequency allocation bill is truly striving for regulation of a technical and technological nature, without any attempt to influence information.

In conjunction with regulating the operation of nonprofit organizations, there was an extensive discussion of foundations. Tamas Fodor (SZDSZ) believes it is all right for Parliament or local governments to establish public foundations, but it is harmful for the government to do so. Because only in the case of elected bodies is there openness that ensures public oversight. Peter Molnar said it was important to regulate by statute, rather than by decree, the entire sphere of the operation of nonprofit organizations.

By a majority vote, the committee found this legislative bill suitable for general debate.

**\* Budapest's Views on Refugee, Immigrant Problems**

93CH0619A Budapest NEPSZABADSAG in Hungarian  
27 Apr 93 p 3

[Article by Miklos Ritecz, NEPSZABADSAG's Warsaw correspondent: "Let the West Assume a Larger Share of the Burden"]

[Text] A greater international joint effort, comprehensive cooperation, and an equitable sharing of the arising costs are necessary to solve the refugee question, said the Hungarian delegation in Warsaw, at a seminar on migration and the refugee question, sponsored by the CSCE [Conference on Security and Cooperation in Europe].

Istvan Komoroczki, counselor of the Main Department for Security Policy and European Cooperation at the Ministry of Foreign Affairs and head of the Hungarian delegation, and Andrea Hrivnak, a counselor of the Office for Refugees, briefed NEPSZABADSAG on what transpired at the seminar. The countries of East Central Europe outlined mainly their own problems created by the refugee question. On the other hand, Western European delegates felt that no change ought to be made in

the present situation regarding the receiving of refugees. The West is ready and willing to provide cash and experts, but not territory for the refugees, it turned out from Istvan Komoroczki's words.

A proposal was submitted to maintain groups of refugees in neighboring countries whenever possible, so that they may quickly return home once the conflict is over. This proposal, the head of the Hungarian delegation declared, was not good for Hungary and the other countries that have embarked only recently on the road to democracy and are coping with economic and social problems. The wave of refugees is catching these countries unprepared.

In the end, the participants of the Warsaw seminar reached the conclusion that the countries of East Central Europe require more assistance, and that also the countries of Western Europe must assume a greater share of

the burden. The CSCE ought to place the refugee question on its agenda, because refugees arriving in large numbers are an important part of security policy.

The so-called first haven countries are bearing the heaviest burden, and from this point of view not only the Yugoslav region, but entire East Central Europe is a danger zone, Andrea Hrivnak declared. She also called attention to the fact that, for all practical purposes, there are no internal borders on the territory of the former Soviet Union. In the case of refugees, their processing in groups ought to be introduced, since people are fleeing in masses from countries in which there are conflict situations. But the Geneva Convention now in force regulates the granting of asylum only to individuals, noted the staff member of the Office for Refugees.

**\* Peasant Movement Parties, Programs Analyzed**

93EP0263A Warsaw RZECZPOSPOLITA in Polish  
30 Apr-3 May 93 p 3

[Article by Bozena Wawrzewska and Piotr Winczorek, with the cooperation of Ewa K. Czackowska: "The Peasant Clout"]

[Text] The peasant parties have again become a focus of broad public interest. The events of the last few weeks caused them to gain in political importance. The resignation of Minister [of Agriculture] Gabriel Janowski and the declared intent of the PSL-PL [Polish Peasant Party-Peasant Accord] to withdraw from the governing coalition, along with speculation that the PSL might join it, is beginning to make them instrumental to tipping the parliamentary balance. This is a rather atypical situation on the European political scene. Aside from the countries of Central Europe (for example, Hungary and Bulgaria), properly speaking, peasant parties with significant political status exist only in some Scandinavian countries (for example, Sweden and Finland).

**The Peasant Movement Yesterday and Today**

Following the changes during the years 1989-90 in the former socialist countries, certain peasant parties either ceased to exist or fundamentally altered their programs, while others either arose from scratch or were resurrected after years of nonexistence. That happened, for example, in Hungary, in the case of the Party of Small Landholders, and in Poland as regards the peasant-Christian orientation. In those countries, peasant parties exercise fairly great clout, which is due to both their obsolete social structure (a high proportion of rural population and farm employment) and the great traditions of the peasant political movement (for example, in Poland and Hungary).

That movement, which has existed in Poland for a century, has accomplished a great deal for the peasantry, formerly called country folk, and, indirectly, for the entire nation as well because it was it, in addition to the Roman Catholic Church, with which it was sometimes not in accord, that decisively consolidated the feeling of national unity among the peasantry. It was that movement also that played a major role in enfranchising country folk and propagating among them patriotic and prostate attitudes.

The 1920's were undoubtedly glorious pages in the annals of peasant parties in our country. To be sure, the peasant movement had at that time been greatly fragmented, ranging from the procommunist Independent Peasant Party to the rightist parties such as the National Peasant Union and the Polish Catholic-Peasant Union, but its voice had to be respected by the entire governing elite. In the Constituent Sejm elected in 1919, three peasant parties (the Liberation PSL, the Piast PSL, and the Leftwing PSL) held 130 seats, plus the seats held by peasants representing other parties (for example, the National Democrats). In the 1922 elections, peasant

groupings won about 25 percent of the votes and held approximately 115 seats in the Sejm. From the peasant movement came the three-time Prime Minister Wincenty Witos (in 1920-21 and 1923-26) and the two-time speaker of the Sejm Maciej Rataj (1922, 1926), who, by virtue of his position, exercised the duties of head of state.

In People's Poland, the peasant presence in holding the office of the speaker of the chamber was continued rather artificially by entrusting the office of speaker of the Sejm to representatives of the Peasant Party and, later, of the ZSL (United Peasant Party) (W. Kowalski, Cz. Wycech, D. Galaj, St. Gucwa, R. Malinowski, M. Kozakiewicz).

The peasant parties (the Piast PSL, the Liberation PSL, and the Country-Folk Grouping), to be sure, had fused themselves into the Peasant Party in 1931, but that did not end the divisions within the movement because, while a large number of peasant activists remained in the opposition following the May [1926] coup and were penalized by imprisonment or banishment abroad—like Witos, for example—others cooperated with the government of colonels. The divisions and quarrels among peasant politicians did not die down in subsequent years, either, having persisted both in wartime and after the war.

The importance of peasant politicians was not limited to their positions in the governing elites and on the parliamentary forum. Their programs (at least as regards the then most important peasant groupings, such as Piast PSL and Liberation PSL and, after World War II, Mikolajczyk PSL) always advocated, side by side with such more or less universal values as parliamentary democracy and rule of law, such elements of the agrarian doctrine as praise of rural virtues, farming, family farms, and ties to the land, as well as indigenous national, peasant, and Christian traditions. The agrarianism reflected in the slogan "They feed and defend us" was a doctrine suiting the peasant's feeling of dignity; it stressed the moral purity of the peasantry as opposed to the corruption of townsmen and the upper classes.

**From the Peasant to the Farmer**

Elements of the agrarian doctrine have always been present in the political programs of peasant parties, but that now seems to be an outmoded doctrine. It better meets the needs of a recently emancipated peasant than those of a farmer—that is, an entrepreneur. Attachment to old models, former ideals, tried-and-tested values, and programs with limited flexibility is, along with a tendency to occasionally irrational divisions and bickering, a major distinguishing feature of Polish peasant parties. Peasants are rather conservative and, moreover, rarely satisfied with the government's farm policies. Besides, that applies not only to Polish peasants but also to farmers in Western countries. It may be that they have

their own reasons for it, regardless of which country they live in, the country's system of society, or the situation of local agriculture.

A recent article in *THE ECONOMIST* indicates that only two countries in the world pursue a proper farm policy: Australia and New Zealand. Impoverishment, debt, the overproduction of food, the lack of low-cost means of production for the farm, difficult or inaccessible credit, low prices of domestic agricultural products and competition in the importing of farm commodities, exorbitant taxes, and low customs duties—those grievances are almost always universal among farmers in most countries on our planet. Time after time, peasants, especially in Europe, block roads, dump potatoes in city squares, pour milk or wine into ditches, and drag cows and hogs into the offices of local authorities, thus protesting against various elements of farm policies. Polish peasants are no exception. Farming in any country displays similar features and has extremely distinct interests. And, if those interests are supported by influential political groupings championing what is, after all, a large segment of the electorate, the discontent and frustrations of farmers affect the entire political scene.

#### Movement on the Rural Scene

It is difficult to trace all of the movements of peasant parties on the political scene in the past few years. New parties were established, old ones were reborn, and they changed their names, merged, or split. That can hardly be called new. From those movements emerged, among others, the following currently existing parties:

- The PSL, with Waldemar Pawlak, prime minister for 33 days, a party viewed as the inheritor and continuator of the ZSL, (now in the opposition).
- Parties of Solidarity origin: PSL-Peasant Accord (Gabriel Janowski) and the Christian-Peasant Party (Jozef Slisz).
- Parties close to the RdR (Movement for the Republic), such as Ojcowizna (Patrimony), whose leader is Roman Bartoszcze, the former short-lived leader of the PSL.

The peasant party with the most seats in the parliament is the PSL. The predecessor of the present PSL, the ZSL, had distinguished itself by acting independently to some extent—at any rate, since 1956. That was relative independence, kept under reins, now looser, now tighter, and especially looser in the past few years, preceding the collapse of the ancien regime. Although the ZSL, along with the PZPR [Polish United Workers Party], had pursued what used to be called “a common farm policy,” it tried to some extent to slow down the leaning of its patron toward the direction of the collectivization and “socialization” of the countryside. As proved by subsequent events that by then concerned the PSL, the ZSL became strongly rooted in the countryside, not only among the so-called rural *nomenklatura* (administrators of cooperatives, township bureaucracy, activists in rural

circles and similar organizations), which even now has survived quite well, but also among ordinary farmers. That party's relatively numerous and loyal electorate is presumably its greatest asset.

On comparing the fate of the ZSL (now the PSL) with that of the other “hanger-on” party allowed during the communist era, the Democratic Party, which has practically disappeared from the political scene, it can be said that the survival of the ZSL (PSL) was chiefly due to its basing itself on the support of a definite social class or quasi-class. Claiming that it is a centrist party, the PSL proclaims its fidelity to peasant, Christian, and national values.

As usual with other peasant parties, the PSL is not cohesive. It contains both right-wing and left-wing factions, and, along with proreform tendencies, it displays strong conservative ones. Not everyone in the PSL goes along with the Catholic Church because, in the annals of the peasant movement, too, the anticlerical orientation has not been a minor one. The PSL's attitude toward Rural Solidarity and other peasant groups also varies. Besides, not all of the divisions within the PSL are sufficiently clear for an objective outsider to understand and describe. The PSL's 1991 program, “The Poland We Want,” stressed agrarian motifs. That suggests that the party's message is addressed chiefly to peasants-farm producers, who certainly represent a social group that merits serious consideration. To this day, some 38 percent of the population lives in rural areas, and farm employment accounts for 27 percent of overall national employment. That is so at present, and that shall remain so five, 10, or 20 years from now.

Throughout the world, there is a continuing decline in the number of farm producers (decline in farm employment and in the number of farms), in the exact meaning of the term, while employment in the processing and distribution of agricultural products and in agricultural services (from banking to farm-machinery maintenance) has been rising. The Polish countryside is facing similar changes. A decline in the affirmation of such values as attachment to the land, peasant traditions, and peasant dignity is to be expected, and that constituency will no longer respond so eagerly to praise of simple bucolic labor and its morally salubrious strength.

Hence, the electorates of potential peasant parties are shrinking, and the nature of their interests, their perception of the world, their attitude toward folk traditions, and so forth are changing. In some European countries (for example, Austria, Germany, and Italy), the former supporters of those parties are switching to groupings with other programs and social bases—Christian democratic (sometimes termed peasant), conservative, and sometimes radical-right.

The PSL is probably aware of the inevitable coming changes, although it still finds it difficult to free itself of its agrarian tradition. Perhaps it is affirming that tradition because, during certain periods in its history, it had

been officially criticized and ridiculed, probably contrary to the expectations of the peasants themselves and of many active members of that party.

#### **Some Have the Ethos, Others the Apparatus**

The yearning for the past might be ascribed to every peasant grouping. Whatever the depth of the animosities dividing them, they all interpret the interests of the countryside similarly. The differences we have in mind derive from the attachment of some to the oppositionist-Solidarity legend (for example, the PSL-PL and the SLCh [Christian-Peasant Party]) and what used to be the association of others (the ZSL/PSL) with the former communist regime. The oppositionist-Solidarity past, in the opinion of those who can refer to it, is in itself an argument legitimizing participation in governance in the Third Polish Republic, and they view collaboration with the former communist regime as disbaring from such participation. For its part, the PSL points to the substantial voter support it gained in the parliamentary elections and to the favorable results of voter preference polls conducted after October 1991.

It can be assumed that the historical rivalries among the peasant groupings will become less and less significant in the disputes about their right to participate in public life and to govern, while the base of their social support will become an increasingly important factor. Even now, the PSL has ceased to be treated like a leper by political parties of Solidarity and oppositionist origin; it is a welcome partner in coalition talks as viewed by both the Democratic Union and the otherwise fastidious irredentist and Christian-nationalist parties such as the Confederation for an Independent Poland, the Christian-National Union, and even Center Accord and the RdR. The Left (the SLD [Alliance of the Democratic Left]), too, would not be reluctant to renew its old association with the PSL and to close its eyes to the "treachery" committed by the PSL's predecessor, the ZSL, (together with the Democratic Union) in the summer of 1989, when it abandoned Mieczyslaw Rakowski and avoided Czeslaw Kiszczak in order to get chummy with Tadeusz Mazowiecki.

What unites the post-Solidarity peasant groupings nowadays is their hostility toward the PSL (as reflected in, for example, the proposal to nationalize its assets), and that has adversely affected their political flexibility, thereby ossifying their internal divisions. The PSL-PL and the Peasant-Christian Party have less room for political maneuvering than does the PSL, and, in reality, can count chiefly on a permanent alliance with the Christian-National Union, the RdR, or the lesser Christian-democratic groupings. In view of their limited base of social support, as reflected in public opinion polls concerning future elections, as well as considering the barriers imposed on small parties by the new electoral law, they face the alternative of either becoming marginalized by their electoral defeats or forming alliances or even uniting with kindred political groupings.

Leanings toward mergers have always been a concomitant of leanings toward divisions within the peasant movement. It would be interesting to see whether they would overcome the latter this time. And, if that is so, which orientation will be chosen by the post-Solidarity peasant parties? Will it be that of the PSL or that of some party of nonpeasant origin, say, the Christian-National Union? It may be that the smaller peasant groupings will be the first to explore mergers as a counterbalance to the current predominance of the PSL. Should they decide to do so, they would probably have a chance to survive. The foregoing applies to the coming elections because the future of the peasant movement will hinge on the response of all of its splinter parties to the present-day challenges mentioned earlier.

As for Lepper's "Self-Defense" party, it has to be considered somewhat differently. It is a major peril to the traditional peasant parties. As an outsider, as it were, it shows no respect for the ingrown hierarchy, status, and sacred cows. It is an elementally anarchist movement, a populist one, that shows no interest in anything outside present-day peasant interests. It is meeting with considerable sympathy from a rural community that faces the threat of becoming pauperized and disinherited. The question arises whether it will be a political flash in the pan like Stanislaw Tyminski's "Party X" or something more lasting, and whether the traditional peasant parties will "tame" and disarm it and be attracted to it and, as a result, basically abandon their own programs. To be sure, they have been displaying both rightist and leftist orientation, but, as a whole, they have so far retained so much moderation and gravity that their centrist positions on the Polish political scene have almost always been a given—until now. The advent of "Self-Defense" threatens to change all if that.

#### **Polish Peasant Party**

1. The PSL believes that there is no alternative to integration with the EC. The real problem is how Poland is to protect its economic interests upon joining Europe.
2. The PSL is in favor of many elements of the Keynesian doctrine of state interventionism; protecting the domestic market by adopting particular currency rate policies, import quotas, and quality standards; and keeping track of imports.
3. Minimum prices are viewed by the PSL as an element of farm policy, but it does not overestimate it. They should be applied rationally—that is, correlated to all prices and institutional solutions in agriculture.

#### **Peasant Accord**

1. The PL admits the necessity of economic integration with Europe, stressing that the preparatory period should enable the Polish economy to play the role of an equal partner. During that period, the infrastructure of market protection should be developed so as not to open the Polish market to products of the EC market.

2. The PSL-PL is in favor of protecting the domestic market by means of all possible instruments—equalization fees, quota duties, periodic blockades of imports.

3. The minimum prices proposed by the PL, such as 2,300,000 zlotys [Z] per metric ton of wheat and Z700,000 per metric ton of rye, will not, in the opinion of PL members, prompt increases in food prices on the market but, instead, will result in stabilizing food-production costs.

#### Peasant-Christian Party

1. The SLCh supports Poland's integration into the EC.

2. Protection of the domestic market must be balanced and not excessive. On the one hand, imports should not result in a collapse of domestic agriculture, but, on the other, they should stimulate competition and improvements in the quality of domestic products. State interventionism should be resorted to only as needed and not insofar as possible.

3. The SLCh believes that excessively high minimum prices of grain could disrupt livestock raising, and excessively high processing of food could result in a decline in the food demand of the poorer strata of the population without increasing consumption by the affluent strata. The SLCh pays more attention to the need for government assistance in privatizing agricultural-service establishments, promoting rural infrastructure, and creating new jobs in the countryside.

#### "Self-Defense" Farmers Trade Union

1. Poland should join the EC as an equal partner rather than as a vassal. According to "Self-Defense," the Polish economy is going to be ruined during the period prior to that joining.

2. In the opinion of "Self-Defense," imposing high duty barriers at present would cause a famine. First, domestic food production should be resurrected before it can be protected.

3. Instead of minimum prices, which "Self-Defense" views as an "eyewash," it advocates the new concept of profitable prices—that is, prices offsetting the cost of production and yielding a profit serving to further expand production.

#### \* Romanian Refugees in Germany Create Problem for Poles

93EP0255A Warsaw ZYCIE WARSZAWY in Polish  
4 May 93 pp 8-9

[Article by Agnieszka Sowa: "To Like the Asylum-Seekers"]

[Text] The Polish-German agreement on readmission will probably be in force beginning in July. At any rate, that is what the Germans are striving for. That means

that Poland will have to admit all of those citizens of the CIS [Commonwealth of Independent States] and Romania who, having reached Germany through Poland, were not granted asylum in Germany. The Germans are trying to sugar-coat this bitter pill by promising a 150-million DM [German marks] donation for the Polish police and border guard, as well as for the construction of shelters for the asylum-seekers.

The Polish authorities assure us that there are no reasons for concern, even though Poland has no readmission agreements with countries from which those Westbound "tourists" come. However, all indications are that, even if Poland signed such agreements, that would not spare it from major problems in the future.

The railroad station in Vienna is closed at night. No one is admitted there between 0100 and 0600. A warm lounge and a small cafe open at 0800. The local authorities in other West European cities issued similar regulations, having adjusted the train schedules accordingly. All that to prevent the unwanted guests—some "native" homeless people but mostly East Europeans seeking better lives in the West—from camping at the railroad stations.

Poland has found itself at a crossroads, at the border between two worlds. On the one hand, Polish citizens are still a nuisance for the authorities in places like Berlin, Vienna, Paris, and Rome. As a matter of fact, there are more Poles than local bums waiting for the Vienna railroad station to open in the morning. On the other hand, Poland itself has been plagued by the problem of the unwelcome guests in the past three years. While the Poles themselves still constitute a cheap labor force in Germany, back home more and more Russian workers or Byelorussian housekeepers are being employed. Just as the Germans are quite helpless in the face of widespread car theft, committed by Poles, among others, the Poles seem unable to deal with the crimes committed by citizens of the CIS in Poland. It may be that the railroad stations in Poland will soon be closed at night as well.

The lounge at the railroad station in Borowa Olesnicka is small but well heated. So far, it has not been closed at night. A group of Romanians discovered that cozy place last fall. The Borowa station, just a few kilometers from Wroclaw, appeared to them to be an ideal night shelter. Hardly bothered by anyone, they lived there through winter and spring. They would leave the station in the morning and come back in the evening, after "work" in Wroclaw and Olesnica. It seems that even panhandling can exhaust people.

"They were so tired that they would lie down on the departure platform, even when the temperature was below zero," says one of the station employees. Another one, much less sympathetic toward the "slobs," as she calls them, points out that "you could enter the lounge only if you wore a gas mask." No wonder—sometimes as many as 200 people would sleep in that small room.

"Rarely would they use the restroom, and, if they did, they would do their thing directly on the floor. They broke the water pump right away in the fall. After that, they did not really wash themselves, or maybe just a bit, using bottled water. The stench was such that one could not work in the cashier booth, although it was separated from the lounge by a wall and had a separate entrance," reminisces the cashier from the Borowa Olesnicka station. The Romanians' presence annoyed the inhabitants of that small settlement, especially the station employees, most of whom lived in the station compound. Concerned about the prolonged stay of their peculiar neighbors, they called the police and the Railroad Security Guard [SOK]. The lounge was closed down twice.

"We installed a neat padlock, but they tore it away immediately and opened the lounge again," says Marek Rak, of SOK in Dlugoleka. Other SOK employees claim that the police refused to be involved in the case.

"They said that it was not their jurisdiction; the Romanians occupied the property of the PKP [Polish State Railroads]. We ourselves could not do much. Were we supposed to send a couple of our guards to evict the whole crowd? I did not feel like committing suicide," said one of the SOK employees in Dlugoleka. "One should either escort them to the border or just shot them," he added. The tone of his voice indicates that that was supposed to be a joke. The walls in neighboring Olesnica are covered with such graffiti as "Skins O.K.," "Beat the Krauts," "Romanians to gas."

The SOK employees from Dlugoleka are not sympathetic toward the Romanians. They admit that, after they received the first complaints from the passengers, they used a peculiar method to get rid of the unwelcome guests. Last fall, the Romanians were living in the old railroad cars, so-called refrigerators, parked just across from the station building. One day, when the "gang" left for "work," SOK men filled those cars with tear gas. As a result, the Romanians slept outdoors that night. But the next night they moved to the railroad station's lounge. A baby was born at the station in the spring. The cashier called an ambulance when she realized that one of the Romanian women was about to give birth. Thus, little Emilek came to this world in the Dlugoleka hospital. His mother, a sixteen-year-old girl, claimed that a Pole was her baby's father. The hospital personnel have no doubt that, in this way, she wanted to secure her and her child's right to stay in Poland.

When little Emilek was born, the local press and TV picked up the Romanians' story. The media's interest in this problem made the police finally "clean" the railroad station in Borowa Olesnicka. The SOK employees from Dlugoleka participated in that operation. "The patrol detected the Romanian citizens, including children, at the station. They were ordered to leave. After they took their belongings out, the lounge was closed. There was no use of force," says the SOK report.

The Romanians spent the first night at the police station but were released the next day. Ten of them, whose passports were found invalid, received administrative visas; they were ordered to leave Poland within three days. They were supposed to travel through the checkpoint in Medyka [on the Polish-Ukrainian border] because the Czechs do not let Romanians in. The SOK men from Dlugoleka laugh at the administrative visas.

"There is a 99-percent chance that they not only have not left Poland but also are still in the vicinity of Wroclaw. Our patrol saw two of the 10 near the station two days after the operation. They cruise around the lounge, still a little too inhibited to tear away the padlock, but they will do it soon—unless they decide to sleep in the woods, now that the weather has gotten warmer. Just watch out—they may start a fire there at any time," says Marek Rak, a SOK man.

Should the personae non grata, then, be escorted to the border? The SOK men are laughing again. Who would do that? And, most important, who would pay for that, they ask. The Romanians themselves do have money. After less than a year of "work" at the railroad stations in Wroclaw and Jelenia Gora (and even as far away as Poznan), they were able to buy two used Tarpan vans. They have always paid for their train tickets, knowing well that free riders would not be tolerated. However, it is unlikely that they would like to spend their money on return tickets to their country, to which they apparently do not want to go back. (They said they were better off under Ceausescu; they had jobs, whereas now, they have to emigrate in order to find employment). As a result, it is either the police or SOK that would have to pay for their trip back. Well, it is easier and cheaper to stamp their passports and install one more padlock.

However, that is not the solution to the problem, as the case of the Romanians from Borowa Olesnicka clearly illustrates. The real troubles will begin when the Germans begin returning the illegal immigrants to Poland. If the agreement is applied retroactively, as many as 100,000 "Polish refugees" will have to be returned, according to preliminary estimates of the MSW [Ministry of Internal Affairs]. In addition, there would be the "current" immigrants, caught on German territory and returned, as well as those who would be turned away at the Polish-German border. It is still not certain whether the agreement will be retroactive, as the Germans would like. The Polish MSW hopes it will not be.

"There is no reason to worry. Poland will certainly sign the readmission agreements with its neighbors. Ever since the beginning of the Polish-German talks, prompted by the introduction of the new asylum policy in the Federal Republic, Poland has favored an all-European solution to this problem," claims an MSW official. That appears to be self-explanatory, except that Poland's wishes do not make things happen. Multilateral talks in Prague, with the participation of Poland, Hungary, the Czech Republic, Slovakia, and Slovenia, failed miserably.



"A different legal status of those countries prevents us from signing a multilateral readmission agreement," enigmatically explains the spokesman for the Polish MSW. Therefore, the talks were called off, their participants intending to sign bilateral agreements. That means that Poland has to conduct separate negotiations with Romania, Bulgaria, Russia, Ukraine, Belarus, Slovakia, the Czech Republic... The list goes on and on. Some talks are difficult. In particular, the negotiations with Romania are plagued with problems, according to an unofficial MSW source.

"But it would be enough to sign an agreement with Slovakia," add the officials by way of consolation. Most of the Romanians travel to Poland through Slovakia. Furthermore, the Border Guard points out that the existing agreement on legal assistance in the border zone compels the Slovaks to readmit those foreigners who reached Poland through their country. In practice, however, the Slovaks are very reluctant to readmit the Romanians.

The agreements on legal assistance in the border zone are presumably binding on all of the signatories. Besides, if one takes into account agreements resulting from the Schengen treaty, which, having dropped the visa requirements, addressed the problems of readmission, one wonders why the Germans insist so vigorously on having a separate agreement with Poland.

"This is a matter of internal German politics," explains Tomasz Lis, director of the Consular Department of the MSZ [Ministry of Foreign Affairs]. The opposition party SPD [Social Democratic Party of Germany] made its support for the new asylum law conditional upon Germany's having an agreement with Poland. The Polish-German talks continue. The presumably last round of negotiations, scheduled for May, is supposed to address two controversial issues. First, the Germans would like to apply the agreement retroactively. Second, they would like to have as much as six months to return all illegal immigrants. Warsaw does not want to give Bonn more

than three months. One thing is certain: Poland will sign a readmission agreement with Germany before it negotiates similar agreements with its neighbors and with countries that are the major source of the refugees (Romania and CIS). Minister Skubiszewski concedes that Poland's interests demand that the new agreements be signed.

"Everyone, not only Poland, is in a hurry to negotiate those agreements," points out Wladyslaw Bilut, of the MSZ Consular Department. Really? How about Romania?

"The readmission agreements will make everyone's life much easier, while cutting down the costs. It will no longer be necessary to send illegal immigrants back to their countries by plane. It will be enough to transport them to the border," says Wladyslaw Bilut.

The Germans will probably be able to afford to pay for the transportation of illegal immigrants. The Poles, as hitherto experience indicates, cannot quite afford even that. There is no money to pay for the transportation of illegal immigrants to the border. Therefore, the Polish authorities prefer to issue administrative visas and leave the foreigners in question free, hoping they will take it seriously and leave Poland on their own. The Germans have promised Poland the "readmission carrot" in the form of DM150 million. However, it is not much, given the enormous tasks ahead. All indications are that Poland is facing a serious problem, despite the reassurances of the MSW and MSZ officials. Some solution has to be found. Moreover, it is difficult to ignore the German concerns. The solution does not lie in closing the borders or in introducing visa requirements for citizens of the former socialist camp, as suggested by the ZChN [Christian National Union]. However, one has to take care of the properly understood "national" interests of Poland. What is perhaps most urgent is to sign the readmission agreements simultaneously with the Polish-German agreement, if possible.

### Jansa on Role of Media in B-H War

93BA1026D Ljubljana DELO in Slovene 10 May 93 p 5

[Unattributed article: "Important Role of the Media"]

[Text] On 4 May, in the U. S. city of Atlanta, Slovene Defense Minister Janez Jansa was interviewed by the CNN network, and among other things he also spoke about the war in Bosnia-Herzegovina.

"After the Serbs experienced a complete defeat for their public image in Slovenia, they substantially improved their media strategy. Since the Serbian military terror in Bosnia began, they have become masters at manipulating international journalism, and especially television. They thus succeeded in focusing the attention of the international media on Sarajevo for several months. In the shadow of the extensive reporting on Sarajevo, they carried out all their military actions elsewhere in Bosnia. They did it on the basis of previously prepared plans, and completely without difficulties or interference from the press and radio-television. They conquered a considerable part of Bosnia and committed incredible atrocities against the local population without anyone's hindering them. While the world was repeating the story of Sarajevo, Serbian military and paramilitary units carried out extensively planned ethnic cleansing and slaughtered thousands of people, far away from TV cameras or a single journalist.

"On the threshold of the 21st century, during a period of the sudden flourishing of the electronic media, 200,000 people were slaughtered in Bosnia. It is a tragic irony that in spite of the presence of hundreds of media representatives in Sarajevo, the world public was not aware of it. That incredible military trick that the Serbs played on journalists will certainly go down in history. I classify it among the sins of those who could have prevented or at least alleviated that slaughter through effective international action.

"In view of the 70 years of Slovene experiences with Serbia, I expected that the Serbs would sign the peace plan only when they no longer saw any other way out. Because of such expectations, Slovenia sent a proposal to the Security Council a month ago that the Vance-Owen plan be immediately implemented in the territories that are in the hands of the Muslims and Croats; both of them have already signed that plan.

"If the Security Council had acted as we proposed, the situation would have been much better now that Karadzic has also signed the plan, and several thousand fewer people would have been killed. Regret over this does not help much. A wasted opportunity means a loss of lives.

"Now it is most important:

"1. to restore peace in the field, and not just on paper;

"2. to continue the sanctions against Serbia until all the points in the peace plan are fulfilled;

"3. international peacekeeping forces should establish complete control as soon as possible over transportation routes along the line from the Adriatic Sea to Zenica, Tuzla, and the border with Croatia;

"4. to prevent the Bosnian Serbs from hiding their heavy weapons in Serbia proper and in the Bosnian mountains, and also to prevent the Serbian army from being simply renamed as the local police, as happened in Croatia;

"5. to ensure the gradual return of refugees to their homes and to permit the constant arrival of humanitarian aid;

"6. to leave open all possibilities for intervention on behalf of achieving peace, and to cancel the embargo on weapons for the Muslims until the Vance-Owen plan is fully implemented.

"We should not forget the experiences of Croatia, where the Serbs agreed to have UN protection units come to the territories that they seized by force and then occupied. Even though they signed the peace agreement, however, they have not fulfilled any other provision of it. The refugees have not been able to return home, and all the local authority and administration in the occupied parts of Croatia is Serbian and exercised by natives of Serbian birth. In other words, in contradiction of the previous peace agreements, several occupied parts of Croatia are under UN protection, to be sure, but actually, they are functioning as part of Serbia. That is also where the greatest danger to the present Vance-Owen peace plan for Bosnia lies.

"If the international community does not know how to prevent it, within a year we can expect war to break out again in Bosnia.

"The Serbs, of course, are counting on a further escalation of the situation in Russia in the near future. They intend to exploit it for their next step—annexation to Serbia of all the occupied territories in both Croatia and Bosnia.

"I am convinced that the media can provide abundant support to a realistic initiative for settling the conflict in the Balkans. Above all, they can partly alleviate the damage done in Bosnia, literally save many lives, help the democratic forces in Serbia to replace the present Belgrade regime, and above all, prevent the same story from being repeated on a much more serious scale in the east as well. We must not take such a risk in areas with nuclear weapons.

"When we judge the conflict from this point of view, we see that it is not a distant, remote story. It is happening right in front of you, in your front yard and that of our global village."

**Merger of Social Democrats, Socialists Postponed**  
*93BA1035C Ljubljana SLOVENE in Slovene*  
 15 May 93 p 2

[Interview with Dr. Joze Pucnik, president of the Social Democratic Party, by Igor Krsinar; place and date not given: "The Merger of the Social Democrats and the Socialists Has Only Been Postponed"]

[Text] The unification congress of the Socialist and Social Democratic Parties, which was announced for today, nevertheless did not take place, as a result of a disagreement over the ratio of delegates from the individual parties at the unification congress. Since Dr. Joze Pucnik no longer wants to be a candidate for president of the Social Democratic Party, a new president was also supposed to be elected at the unification congress.

The Social Democrats thus proposed Janez Jansa, and the Socialists, Magda Tovornik. The leadership bodies would be elected with a ratio of 60:40 in favor of the Social Democrats, but the Socialists did not agree with this. They demanded equal participation by delegates from both parties, but are prepared to leave a majority of the positions to the stronger Social Democratic Party.

An independent congress will thus be held today by the members of the Social Democratic Party of Slovenia, who will decide on the further procedures in merging with the Socialists. The merger of both of the parties with a social democratic orientation will start the gradual unification of all the related parties in the left-of-center political area. A similar initiative was also presented at their last congress by the Democrats, according to which the above-mentioned parties would merge, along with them and the Ecological Social Party, into a Democratic Coalition.

[Krsinar] Mr. Pucnik, the merger between the Social Democratic Party and the Socialist Party has been canceled for the time being. I am interested in whether there is still a possibility of an agreement, and how much your party can concede in the negotiations with the Socialist Party.

[Pucnik] That possibility is still completely open, there are possibilities for concessions on both sides, and a compromise between both parties' expectations will probably occur, but it would otherwise be hard to say when. All the signs indicate that the majority in both parties is very interested in this merger.

[Krsinar] And to what extent will your party make concessions in the negotiations, for instance, regarding the ratio between the delegates of the individual parties?

[Pucnik] In my opinion, a position corresponding to the electoral results in the last elections is acceptable. That would mean that the leadership bodies would be occupied in a ratio of approximately 55:45 in favor of the Social Democratic Party. We have already talked about that standard, and it could probably be a good starting point and would also lead to a solution for this dilemma.

[Krsinar] The Democrats have offered an alternative for the unification of the left-of-center parties, which is very similar to your initiative for the merger of social democratic forces. How much did they affect the negative outcome of the initiative for the merger between the Social Democratic and Socialist Parties?

[Pucnik] It is hard to determine whether there was any effect in this case. The initiative that we started back in February with those four letters has now actually been renewed in a way, and I hope that there will be some productive talks that will also lead to results. What I think is that the relationship between the Socialist Party and the Social Democratic Party is the closest one, and those two parties will sooner or later come together in one form or another.

[Krsinar] Your party is the smallest government party. How can you implement your program in the grand coalition?

[Pucnik] It is very difficult; our influence in the government is relatively small, and there are also almost no talks among the government partners.

[Krsinar] The wiretapping scandal will be a big political test of Slovene democracy. What kind of a role should your party play in it as a government party, but at the same time as part of the post-government democratic alternative against the ruling coalition?

[Pucnik] It should be stated that those political scandals are not necessarily associated with different parties, or only with the parties that are in the government. It is not even clear to what extent this has to do with a political scandal, and to what extent it only has to do with forms of misappropriation in the area of finance and in the area of enterprises. These things will have to be cleared up. We Social Democrats, of course, are in favor of a radical clarification of these problems, because we do not like having it said indiscriminately that there is corruption in Slovene politics. All the cases should be clarified in detail, which will take quite a while. Clearly there are more than a few problems; they have to be investigated and also suitably dealt with publicly.

**Proposal To Revise Privatization Procedures**

*93BA1002B Ljubljana DELO in Slovene 3 May 93 p 2*

[Article by Alenka Leskovic: "The Review Is Beginning"]

[Text] *About 1,066 applications for a review of the privatization of enterprises; different ways to misappropriate social property; legal defenders pushed aside.*

Ljubljana, 2 May—By Wednesday, 5 May, when the deadline according to the Law on Transforming the Ownership of Enterprises expires, branches of the Public Auditing Service [SDK] will have issued over 1,000 decisions on starting the procedure to review the ownership transformation of enterprises. In fact, that is how

many proposals have been gathered concerning grounds to suspect that during the period from the beginning of 1990 to 5 December 1992, when the above-mentioned law went into effect, social property was misappropriated.

Numerous applications for the review procedure came from the SDK, and many also came from the Slovene Republic Restructuring and Privatization Agency; some applications came from the Ministry of Internal Affairs and social legal defenders of self-management; and numerous ones were also written by denationalization claimants, employees at individual enterprises, trade union organizations, and also public prosecutors and public legal defenders.

The Law on Transforming the Ownership of Enterprises permits a review procedure if there was a misappropriation of social property during that period because of a status change, reorganization of the enterprises, a gratis transfer of social capital, or the establishment of new enterprises and investment in them, or a transfer of an individual business function. The possibilities mentioned by the law vary, from the partial or complete sale of the enterprise, to the transfer of commercial enterprises to so-called bypass firms with mixed or private ownership, and the implementation of ownership transformation on the basis issuing preferred shares for social capital, etc.

The decisions on initiating the review procedure will only be the first serious step toward having the courts determine, after the procedures are carried out, that the legal transactions that led to the misappropriation of social property are null and void and illegal. Specifically, it is only on that basis that it will be possible to return specific property to social ownership.

There is still a long way to go before that. All of the attempts to date to arrive at standards for whether there has even been a misappropriation of social property have still not borne fruit. In fact, there is an extremely large number of unresolved issues, since the vague regulations have left the door wide open for the resourcefulness of individual stage managers for property. When the Slovene SDK was considering what those standards could be like, it listed a whole series of them. For example: whether a social enterprise could give its workers loans to buy shares; what interest rate is the limit for determining the misappropriation of social property, when the amounts of per diems, travel expenses, and reimbursements through which individuals obtained ownership shares in enterprises are such that it is possible to speak of the misappropriation of social property; how the promissory notes issued to employees by insolvent enterprises should be handled, and many other things.

Now it is necessary to wait a few days more for the proposal for amendments and additions to the property law to be presented to the State Assembly's Commission for Monitoring and Supervising the Transformation of

the Ownership of Social Property, and later to the Assembly's deputies. In addition to an extension of the deadlines, it should also contain several more acceptable provisions concerning whether there even is a misappropriation of social property.

On the other hand, the fate of the initiation of judicial proceedings to return property to social ownership also depends on the resolution of the position of the social legal defenders of self-management. Although for two months now various legislative initiatives have been appearing to allow them to work without hindrance until the middle of next year, when social property is finally supposed to "die" according to the property law, their fate is still uncertain. Several municipalities, for example Slovenj Gradec, have already decided to abolish that institution, when the legal defender's term expires in August; others have not been allocating budgetary funds for this work for a long time now.

With the fact that about 1,066 applications for a review of the ownership transformation of enterprises were gathered by the legally set deadline, which expired in April, one can predict that the social legal defenders will have to initiate several hundred legal proceedings because of the misappropriation of social property. Since the deadline for submitting applications, as now proposed, will be extended, the volume of their work will increase further. For that reason, regulation of the possibilities for their work will have to take place simultaneously with work on the Law on Ownership Transformation, which also imposes work upon them. In this regard, it is not important at all whether the social legal defenders will become an integral part of the public legal defense offices, or whether they will continue to be legal defenders of self-management or not. It is primarily a question of whether there would be enough of them during the final phase to resolve, within the strictly specified legal deadlines, what can be resolved.

With all the economic and political scandals, the government is now giving assurances that money will always be available for the work of the system's institutions. Whether it is serious will be shown precisely by the regulation of the position of the municipal and intermunicipal social legal defenders of self-management, who have now been pushed to the edge or across the edge of municipal budgets.

#### **Surveyors Delineate Slovene-Croatian Border**

*93BA1005B Ljubljana DELO in Slovene 6 May 93 p 3*

[Article by Franci Dovc: "Surveyors Have Buried Themselves in Topographical Maps With the Border Between the States Drawn In"]

[Text] *They are coordinating the border in the area of the Smarje pri Jelsah, Brezice, Krsko, Novo Mesto, Metlika, and Crnomelj municipalities, and in most of the Kocevje municipality; when the experts have agreed on the maps, work in the field will follow.*

Ljubljana, 5 May—During the first two days (today and tomorrow) of a three-day meeting of the joint Slovene-Croatian working group of surveyors for delineating the state border, the members will coordinate the border line, approximately 281 kilometers long, between the two states.

During those two days, they will review about 110 sheets of the so-called basic topographical plans at the scale of 1:5,000, which will be the basis for delineating the border in the "offices" (when both working groups coordinate all possible disputed issues on the maps, things will also be checked and coordinated in the field). On all of the above-mentioned topographical maps, the course of the border between the two states has been marked in the area of the Smarje pri Jelsah, Brezice, Krsko, Novo Mesto, Metlika, and Crnomelj municipalities, and in most of the Kocevje municipality. Just as at the previous meeting of both working groups in mid-March in Zagreb (at it, they coordinated the sections of the border from the intersection of the three Hungarian-Croatian-Slovene borders to the border of the Smarje pri Jelsah municipality), our negotiators do not anticipate any major disagreements between the surveyors on both sides of the border at this meeting either. According to Joze Rotar from the Republic Surveying Institute, which is responsible on our side for preparing documentation on the border, disagreements usually occur primarily for technical reasons, such as differences in the drawing of the maps, their printing, etc. Then experts from both delegations will check any possible unresolved issues again. The so-called interdisciplinary group—the Slovene part is headed by Prof. Borut Bohte, and the Croatian part by Prof. Vladimir Ibler—which is also to discuss possible unclear points from different standpoints and adopt joint expert positions on the points that the surveyors might not be able to coordinate, will also meet on Friday.

Although many people think that with the coordination of the border in offices and with its confirmation by an intergovernmental commission the job is already more or less done, that is not true. On the basis of the cartographic documentation, in fact, the commission's members will designate the border in the field, and mark the provisional border with temporary wooden stakes (thrust into the ground). During this procedure they will have to keep exact records, which will specify, among other things, the azimuths of an individual point, etc. In short, the position of an individual point has to be described so exactly that the authorities can replace the markers at any time, if necessary. The distance between individual points and border markers is supposed to be such that a person can see from one border marker to the next.

Although one should not expect any serious complications with the delineation of the border in the above-mentioned area, the delineation along the border river Sotla will probably cause the experts some headaches. Specifically, it is well-known that in the past, the Sotla River has changed the surface considerably in individual

areas. In those cases, our side will try to agree with our neighbor on measuring the individual disputed areas exactly and trying to obtain an equally valuable exchange. In the past that working method has also been used in other countries, and consequently our negotiators are convinced that such an exchange will also be acceptable to the Croats. A similar practice is also in effect in cases when, for instance, an individual farmer's farm, upon the delineation, is divided between the two states. In resolving such issues and similar ones, the commissions usually take into account primarily the desires and requests of the affected owner, and both intergovernmental commissions also have to agree to the individual changes. The problem of owners who have farmland on both sides of the border will be solved through ownership on both sides, just as it has been solved, for example, with the other three neighboring states—Austria, Italy, and Hungary.

Trdinov Vrh, which has been a cause of polemical debate over which state it actually belongs to for a long time now, is also in the above-mentioned area. The commission will probably not discuss it, since it is a problem that the highest representatives of both states will have to reach a final agreement on.

#### Army Draftees Assigned to Police Service

93BA1005A Ljubljana SLOVENE in Slovene  
3 May 93 p 2

[Article by Danilo Hinic: "First Soldiers in Police Service"]

[Text] Tacen—The old idea from the 1970's of having some draftees perform military service in the police has begun to be realized with the arrival of the first 50 draftees at the Tacen police training center. As stated by Interior Minister Ivo Bizjak at the presentation of this military innovation, each year 125 carefully selected young men from each of three generations (January, April, and September) will go for such service. The police will thus strengthen their reserves, and the training will be cheaper and at a qualitatively higher level.

The young men, who will perform their military service in internal affairs bodies, will spend the first three months at the Tacen training center, where they will acquire basic knowledge in numerous areas (internal affairs, information science and telecommunications, criminology, penal law, the law on misdemeanors, first aid, practical procedure, traffic safety, self-defense and athletic training, weapons and firing instruction, topography, and tactics). The theoretical, 12-week part of the training will conclude with 14 days of practical training at the police exercise center in Gotenica. After successfully completing a test of his knowledge, a soldier will serve the remaining four months of his military (police) service "at home." "At home" is in quotation marks because he really will stay at home, but will receive further practical training (nine hours a day) either at the police station in his home area, or on the green border, or

at a border crossing.... While performing his military service (both in Tacen and later during the practical training), a military recruit is called an auxiliary policeman, and at work he does not have the same powers as an authorized official. He will only be able to exercise some powers, but only in the presence of and under the supervision of a mentor.

It is anticipated that there will be great interest among young people in this sort of—let us say, more comfortable—military service, and in fact, it is thought that young people are more interested in the police anyway, and furthermore the soldiers, after serving, will be able to be activated and employed in the police.

It is precisely for that reason that the conditions for acceptance for such service are strict, and those that apply to those who want to be trained at the UN training center or be employed in internal affairs bodies. In addition to completing the fifth level of education, a

candidate has to have suitable psychological and physical capabilities. Likewise, he must not have been sentenced to prison for a deliberate criminal act that is prosecuted by the military, or else at least five years must have passed since the sentence was served or dismissed, or the statute of limitations expired, and furthermore, the candidate must not be facing trial for such a criminal act. The final selection of the candidates will always be done by a commission at the responsible internal affairs administration.

#### **Nuclear Power Plant Expected To Resume Operation**

*AU2405170893 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 24 May 93*

[Text] It is expected that Krsko nuclear power plant will be reconnected into the electricity grid this evening. During the last 14 days they have been mending a breakdown on steam generator No. 1 and they also carried out some maintenance work envisaged for the regular shutdown in August.

## Federal

### Role of Yugoslav Counterintelligence in B-H Conflict

93BA1026B Ljubljana DELO in Slovene 11 May 93 p 6

[Article by Kresimir Meler and Mirjana Glusac: "Why Are the 'Natural Allies' Quarreling?"]

[Text] *The renewal of conflicts between the Muslims and Serbs is nothing unusual at all, since the JNA [Yugoslav People's Army] counterintelligence service had already previously revealed the Muslim army's intentions and begun to arouse distrust on both sides.*

From our contributors.

"There is always an easier way to settle certain things," says Illes's Law. It was precisely in accordance with that law that the Yugoslav army's Security Administration acted at the end of 1990 and then at the end of 1991, when it prepared the Brana [Dam] and Prolom [Breach] plans. Those two plans actually explain why part of the Bosnia-Herzegovina military and political leadership is acting according to Meskimen's Law, according to which "There is not enough time to do what needs to be done, but there is always enough time for you to do it over again." The fact is, indeed, that only incorrigible optimists (poorly informed pessimists) were surprised by the renewal of conflicts between the former and, as Croatian President Tudjman says, "natural allies."

Although Sefer Halilovic tried to justify the latest outbreak of Muslim-Croatian conflicts in terms of "establishing a legal order in Bosnia-Herzegovina," and then even signed a ceasefire agreement with the Croatian Defense Council [HVO], the battles will not cease (if they do, they will break out again soon), and likewise, it is not a question of subordinating the HVO and the Bosnia-Herzegovina army to a single command, which would actually be necessary—of course, in the event that Croatia does not have the same aspirations toward certain parts of Bosnia-Herzegovina that Serbia has toward Bosnia-Herzegovina and Croatia.

The beginnings of the disputes go back to 1990, when the former JNA's Security Administration prepared the operational document Brana I. According to that plan, which Aleksandar Vasiljevic started to prepare, "it is necessary to prevent the establishment of a Muslim army, which, according to certain operational information, would be commanded by Alija Izetbegovic." According to the counterintelligence service's information at that time, which Vasiljevic obtained with the assistance of collaborators from the very leadership of the SDA [Party of Democratic Action], the "SDA is supposed to have established a Muslim army, which in November 1990 had about 30,000 well-trained soldiers, which means almost three divisions." Those soldiers were allegedly trained in Arab countries, primarily in Iran and Saudi Arabia.

## Plans Revealed

Furthermore, Vasiljevic, with the assistance of the same sources and a new one called Boris, at the end of 1991, i.e., a year later, obtained the plans of the Muslim military organization, according to which it was allegedly planning to kidnap military personnel. The counterintelligence service even obtained a headquarters map on which the military forces in individual areas of Bosnia-Herzegovina were drawn in detail, photographs, and also audio recordings of meetings at which there was a discussion of organizing resistance by Croats and Muslims in the former JNA's units. In parallel with those actions, the counterintelligence service also prepared an analysis of the possible course of events in Bosnia-Herzegovina. According to that analysis, "there is a high probability that the Muslim and Croatian paramilitary units will establish military cooperation, which would be fatal for the Serbian people in Bosnia-Herzegovina."

## Izetbegovic's Negative Role

"In this regard, a particularly negative role may be played by Alija Izetbegovic, who is an irresolute politician inclined toward Islamic fundamentalism, and thus also toward all military and political compromises that would be harmful to the Serbian population. His statements about a civil state should be interpreted conditionally, since that equality would be intended more for Muslims and Croats, and only then for the Serbian population, which is expected to be split into several parts, with the individual parts forced into isolation.

"The assessment that Jusufi obtained supports the thesis that such a Muslim-Croatian agreement could be prevented by causing conflicts between the SDA and HDZ [Croatian Democratic Community], namely by having operatives infiltrate both sides. In this situation Boris, in the reports that he sends to the Bosnia-Herzegovina Presidency, must create the impression that there is a great danger that the Croats will start to conquer Muslim areas. The fact is that such aspirations actually exist, but according to our assessments they are not that serious. Within Croatian factions, extremists such as Mate Boban, Vice Vukojevic, etc., should be treated very seriously."

Next, in the document the Center for Psychological Propaganda Activity advises that it would be necessary "to strive as much as possible to arouse mutual distrust, and furthermore to exploit above all the fact that the so-called Herceg-Bosna has the same status as the Serbian Republic and that it involves partitioning Bosnia-Herzegovina and double-crossing the Muslims. It is obvious that such actions will cause corresponding actions on the Muslim side. It is therefore urgently necessary to begin carrying out the Prolom plan, since it would be extremely unfavorable for achieving the goals of our policy if the Muslims and Croats were to decide on joint action. With all possible propaganda and operational methods, it is necessary to destroy that coalition and cause conflicts, and thus make it possible for the

Serbian army and the forces of the Yugoslav army to consolidate their ranks, bring in reinforcements, strengthen their positions, and achieve the planned organization and linkage between the Serbian republics and the Federal Republic of Yugoslavia [FRY]."

In accordance with this, it was recommended that Boris and the other two should "mobilize the Muslim population, namely with the justification that it is necessary to secure the constitutional and legal system of Bosnia-Herzegovina as a civil state," and at the same time they also made the commitment that "there will be no activities that could jeopardize the informant's effectiveness." On the other hand Jusufi, who also provides information to the Bosnian side—suitably doctored, of course—informed the leadership of Bosnia-Herzegovina that "he had reliable information from which it was apparent that the HVO, under the influence of Mate Boban and Franjo Tudjman, intended a sudden attack to seize areas under Muslim control and areas which were allocated to the Muslim side by the Vance-Owen plan. There is a suspicion that this involves implementation of an agreement between Tudjman and Milosevic, according to which the Muslims would be left without most of the territory, and Bosnia-Herzegovina itself would be partitioned, so that even the constitutional order would be threatened. Croatia, and also the Serbian side, do not want any sort of talks on a civil state, but only on the kind of federation that Yugoslavia was. In connection with this, Bosnia-Herzegovina is threatened by an equal if not even greater danger from the HVO and the HDZ, since they plan the long-term assimilation of the Muslims, and the negotiations were only a screen concealing the same motives."

#### Fateful Shifts

As well-informed sources claim, that message, through Sefer Halilovic and Stjepan Siber, came into the hands of Alija Izetbegovic, who agreed with what Halilovic proposed. He proposed "mobilizing the population in specific villages, and withdrawing some of the units from positions facing the Serbian army and amass them on the border facing the HVO forces." It is also interesting how individual plans and analyses by the Serbian side coincide with the behavior of the Muslim and also Croatian forces. Approximately 20 days ago Milan Gvero, chief of the Serbian Republic's General Staff and Security Administration, sent operatives in the field instructions that "until the situation in the field is settled, any ceasefire agreement between the Bosnia-Herzegovina army and the HVO should be prevented by the most appropriate means." Just a day or so later, Sefer Halilovic, on the Muslim side, and individual military commanders on the Croatian side issued almost identical instructions: "Regardless of agreements that may be signed, we order continued resistance to the hostile army, and an advance by the army, which is to use all means in doing so. A ceasefire in individual areas should be viewed solely as an opportunity to regroup forces and reinforce them with new forces."

#### The Croats Are Not an Exception

That is also actually happening, which is certainly proof that the Belgrade counterintelligence service does not have its people just in the Muslim ranks, as Croatian propaganda tries to show. There are more than a few people among the HVO officers as well with dubious pasts, and likewise even in the leadership of the Croatian Community of Herceg-Bosna, which actually did in Bosnia-Herzegovina what the leadership of the Republic of Serbian Krajina did in Croatia—establish its own army, political leadership.... Furthermore, there are witnesses, HVO fighters who tried, together with members of the Bosnia-Herzegovina army from individual units, to break through into Sarajevo. Although Sefer Halilovic did not know it, there was a betrayal, so more than 100 fighters were killed at that time. Certainly we should not forget that in its own way the HVO, in spite of everything, is a paramilitary formation, since it does not recognize the Bosnia-Herzegovina army command.

The counterintelligence service's work is thus much easier. There is a justification for every attack that they prepare: Agents on the Croatian side can always accuse "Muslim fundamentalists" and "irresponsible regional commanders" from the Bosnia-Herzegovina army, and infiltrated KOS operatives can always claim that the "HVO paramilitary units and their own insubordinate regional commanders" are to blame for everything. That is how it happened that even with the obvious war crimes committed by both Croats and Muslims against members of all three opposing sides, they have all looked aside in turn and furthermore, as Mate Boban said, accused "drugged and psychopathic units." The fact that everything that is happening is distracting attention from the Serbian crimes obviously does not concern either the Croats or the Muslims too much, who have finally succeeded in starting a fight with each other. Meanwhile, Milo Gvero and Ratko Mladic are stating that the Serbs and Croats, and the Serbs and Muslims, are victims of genocide, which is being committed against them by the Croatian and Muslim sides, respectively. None of the sides affected has responded to those accusations. To be sure, sometimes silence says more than words.

#### Belgrade Firm's Goods Advertised Abroad

93BA1028C Belgrade POLITIKA in Serbo-Croatian  
13 May 93 p 9

[Article by S. Andric: "By Way of Private Company 'Batug': Our Offerings to U.S. Market"]

[Text] In the publication SRPSKE VESTI DANAS, a sort of exchange will deal in real estate, technology transfer, building materials...; advertisements in the United States the same day that the offer is turned in.

"Batug," a private company for domestic and foreign trade, tourism, and services in Belgrade, has reached an



agreement on commercial representation with the publication SRPSKE VESTI DANAS. This Los Angeles-based publication is the only daily newspaper published in Serbian (Cyrillic edition) in the United States and has a circulation of 30,000 copies.

According to Nikola Dragovic, the owner of "Batug," our people in Yugoslavia, but also private companies, banks, and tourist and other agencies, are offered the possibility of using advertising in SRPSKE VESTI DANAS to animate Serbs in the United States and Canada and to interest them in investment, buying, and construction in Serbia.

"It has been reliably determined," says Dragovic, "that despite the sanctions and blockade there is significant interest among our people in the United States and Canada in investing in the homeland. This is based on nostalgia, but also on a feeling for business. On the other hand, local businessmen have been seized by a sort of apathy, so that business and financial transfusions would clearly be welcome."

In this case, "Batug" would be not only an intermediary for advertising goods and services from Serbia, but also the representative of local firms or individuals in Los Angeles, i.e., the United States, or in Ontario, i.e., Canada. A sort of exchange for goods and services connecting people from other countries and from Serbia will deal primarily with real estate, technology transfer, financial and commodity services, metals, lumber, building materials, and paper.

Finally, we would add that offerings in SRPSKE VESTI DANAS would be published on practically the same day that they are delivered to "Batug," due to the time difference between our part of Europe and the United States.

**ICN-Galenika Plans Expansion, Modernization**  
*93BA1038E Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 10 May 93 pp 22-23*

[Interview with Radomir Stojicevic, president of ICN-Galenika and president of the Grouping of the Yugoslav Pharmaceutical Industry, by Verica Dukanac; place and date not given: "Where Are the Blockages in the Production of Drugs?"]

[Text] ICN-Galenika is continuing to attract public attention. On the one hand, as the largest and most attractive case of Yugoslav privatization, and on the other, as the largest Yugoslav pharmaceutical firm. We talked about these two topics with Radomir Stojicevic, company president who is at the same time president of the Grouping of the Yugoslav Pharmaceutical Industry. A man, that is, informed both about the situation in the pharmaceutical industry at the moment and also about its prospects.

ICN-Galenika in Zemun is still attracting the attention of the media. On the one hand because it has remained

the largest firm that has been privatized in our country (with a proportion of ownership in the ratio of 75:25 to the advantage of SPI Pharmaceuticals in California), although even after two years, even though it received consent of the politicians at the time, certain elements of execution of the contract establishing it are still being disputed both in the immoderate statements of officials and also in the official procedure instituted by the domestic partner. The whole thing was heated up by the political involvement of Mr. Milan Panic, who has controlling stock in ICN and SPI.

On the other hand, this is a company which has half of the Yugoslav market for such an important product as drugs. We talked to Mr. Radomir Stojicevic, president of ICN-Galenika and the Grouping of the Yugoslav Pharmaceutical Industry, about the most topical dilemmas associated with that company as well as with the production of drugs as a whole.

[Dukanac] Since the Assembly of Galenika Holding at the beginning of the year decided to reexamine execution of the contract on establishment, and the president of that company has already been making public statements about changing the proportions of ownership (64:35, in this case to the advantage of the domestic partner), teams of experts of the two firms have been at work. Where does this dispute stand today?

[Stojicevic] ICN-Galenika was formed by a joint investment of ICN and Galenika in the ratio of 75:25. Galenika has today grown to become Galenika Holding, and ICN-Galenika is managed by a four-member board: one is from Galenika Holding and three are from ICN. I am president of ICN-Galenika and I work on instructions from the board. Accordingly, if there is any dispute as you mention, it is between the two partners, and that is where it must be resolved. The decision to change the ratio in ownership is not a matter for the Assembly of Galenika Holding, nor for a press conference. Unfortunately, this was discussed in those places when they had no knowledge of the results of the effort by the teams of experts nor possible arbitration, and so on. Accordingly, all of that was forced for reasons incomprehensible to me, and it is related to some dispute that exists between Mr. Brankovic and Mr. Panic in the political domain, and I will not go into that.

[Dukanac] But if we go back just to that relation between partners, the decision of the Assembly of Galenika Holding does nevertheless exist, the expert teams are working—so, all of that has been part of serious proceedings. Your team of experts has disputed all the allegations. But what comes next?

[Stojicevic] You know, the decision of the assembly, which I myself attended, was clear in stating that nothing would go to the public until the teams of experts finished their work. They, then, made all of this public regardless of those decisions. But neither the public nor the holding

company itself are competent to discuss that. Accordingly, the intentions have to do with something other than arriving at the truth.

[Dukanac] But mindful of the kind of state in which we live, does it seem to you that all of this has some broader political connotation in view of the numerous statements by our officials and even of the previous republic prime minister?

[Stojicevic] All of these statements and political games related to the press conference by Mr. Brankovic (president of Galenika Holding, editor's note) along with the statement without any responsibility whatsoever concerning the amount for which Galenika was supposedly purchased, which have been made by various deputies in the Assembly and the prime minister, are only a picture of the life in which this country is living and working. And the company ICN-Galenika was created between two partners under the absolute patronage of this state in which it operates, with all the consents and clearances which were necessary at the time. From the consent of the top men in this state to compliance with the law itself. So it is ridiculous to me, but also tragic, that falsehoods should be planted in the public this way.

[Dukanac] But the frightening thing is that often public shouts and rumors of this kind are accompanied by broad support, which fits with what I have heard has been happening to you recently. That is, you are being visited more and more frequently by the Foreign Exchange Inspectorate and all the other inspectorates, the tax police, and so on. Have you been feeling somewhat greater pressure in this regard?

[Stojicevic] That would be hard to say. The federal foreign exchange inspector was here, but he did not have an order for ICN-Galenika, nor for Galenika Holding, but only for Galenika. I had to send him back until he comes with the right order. The strange thing to me was that he was an inspector from Novi Sad, I sought an explanation from the finance minister at the time, and I was told that that was not significant and that this was a routine check. However, that was not a routine check at all, but rather the inspector did an analysis of that contract, which was not in his jurisdiction. But that was in late January, the record of the inspection was not delivered to us, but to Galenika Holding, which made the objection, and that is where it ended. I do not have that report. In any case, what the financial police are doing with us they are doing throughout Serbia, and that really has no relation to this.

As far as the contract on the joint venture is concerned, as we see it, it has been carried out entirely as we conceived it. ICN paid its part in cash in the amount of \$50 million, which was deposited because of the sanctions in a Swiss bank, and the plans were to build new plants for the production of drugs. We already have contracts with Energoprojekt to design four new factories. And a few days ago the Managing Board of ICN-Galenika, with Milan Panic presiding, passed a decision

to approve \$136 million for that purpose and also to modernize existing plants. In any case, that money deposited in the account in Switzerland, which is today worth more than \$90 million in cash and securities, served us more as a guarantee for the purchase of raw materials even before the sanctions. Yugoslav banks have not been able to issue such guarantees for a long time, so that we did not spend it, but we had immense savings running into the millions of dollars in credits we took for raw materials. You know quite well what that means for this country, which gets half of the supply to meet its drug needs from here. And everyone should have that in mind when he makes all kinds of statements, whether he is a private individual or prime minister, because such statements are directed against this people.

[Dukanac] What the domestic partner is saying in his dispute with you is that obligations were not met concerning the founding capital consisting of transfer of technologies, that is, ownership and patent rights for four compounds, which he accompanies by the assertion that the American partner does not own the patent which he committed himself to transferring.

[Stojicevic] It has to do with technology for the production of drugs which are in various phases of development and which if they become drugs, in the assessments of two independent international companies, will provide more than \$220 million solely on the basis of the sale of those drugs on the market of the United States. And under the contract we have consent for development, sale, and marketing in general on the entire world market. So, if we manage to take one of those molecules to the drug stage, that will certainly be far more. I, of course, say if, because there is nothing certain in the production of drugs or in research in general, but if we manage to take only one of the four all the way to the end, for instance, the cytostatic, that would only cover what was estimated. But that is a lengthy process even in the outside world, and we cannot expect that this will happen tomorrow. We have the molecules and the documentation, and in our laboratories and procedures we are doing this jointly with ICN. And the question of patent protection is a ruse, and I do not see why anyone should be entertained by this at all. This is like having to prove who your mother and father are, that you have them, and that you ever had them. These are nebulous things. But it is not good for this country, which has a contract with the foreign company, and not a small contract either, and if they attempt to disgrace that, then in the future hardly anyone will decide to come here.

[Dukanac] ICN-Galenika is an absolute giant in its branch here, you are president of that industry's grouping; how do you assess the situation on the drug market, especially from the standpoint of obtaining raw materials in the world and the new sanctions?

[Stojicevic] The most painful thing is that from the beginning of the sanctions we have not had direct permits to import raw materials, but we obtained them through the individual countries of our suppliers. But

since May, when the sanctions were introduced, there have been drugs and there will be, and someone probably ought to be praising us for the way we have gotten our bearings in this situation. The government authorities have been thwarting us in this on various grounds with internal obstructions. I am referring here mainly to federal authorities. Last year, we received a minimum right to purchase foreign exchange, but this year we still have received nothing. I am speaking on behalf of the entire association, no one has as yet been able to use any of those \$16 million which have been earmarked for the importation of drugs and raw materials this year. ICN-Galenika has drugs in reserve for another two months, but we do not have production, and we have already sent 30 percent of our workers on leave in mid-April. We have taken exceptional pains, as have the others in this branch, to maintain a supply of those drugs which are vital. We have an entire pallet of insulin, an entire pallet of our antibiotics, there is a shortage of a negligible percentage of drugs which are not extremely necessary, although, of course, every drug is necessary. But the problem is that there is no money for those drugs. After all, as soon as we produce the drugs, we sell them in order to keep that production going. No one has ever given us anything, we have to pay for everything in advance. And in a situation when it is more difficult to obtain raw materials, they are also somewhat more expensive. Accordingly, the problem is money, not drugs. There have always been drugs, and I say that there always will be drugs in sufficient quantities to meet vital needs if there is money.

[Dukanac] How much of those \$16 million, which the federal government announced more than two months ago that it would allocate to meet the needs of the health service and your industry, was the industry entitled to in all?

[Stojicevic] Before the sanctions, ICN-Galenika needed between \$8 and \$9 million a month for raw materials. As I said, this year we have not received anything from that government, and we all know that there are no exports. Those \$16 million were distributed as follows: \$8 million to import raw materials for the entire association, the other \$8 million for finished drugs which are not manufactured in the country and to meet the other needs of the hospitals, spare parts for equipment, and so on. But the applications for just things like that, as far as I know, were greater than \$50 million. What is strange to me is that \$2.5 million of those \$8 million were to go for the production of dialysis machines, and \$5.5 million for the entire rest of the industry. I state categorically that this was done ineptly. Of course, I know the fear of people if they cannot go for dialysis treatment, but I also know that there is a far greater fear in people dependent on insulin as well as with other people who are seriously ill. This has put all of them in an unequal position. It is also well-known that between 2,000 and 4,000 people are being treated with dialysis, and 50,000 people are on insulin. So, out of those \$16 million ICN-Galenika

received what for the present is the "paper" right to \$2.5 million, although its production covers half of the need for drugs.

So for most of what we need we have to buy foreign exchange on the black market, and we have immense problems here and we have even been prosecuted. But what is incredible, simply fantastic, to me is that under the federal government's decision to appropriate those \$16 million, that is, money which is outside in certain banks, we received a demand from the National Bank of Yugoslavia [NBJ] that each of us, through our suppliers, issue a guarantee that they will be able to collect that money in payment. That is, the NBJ is calling upon ICN-Galenika to provide a guarantee that it will be possible to use that money in America. Is that my affair, and am I supposed to guarantee that, moreover, to do so within a period of 24 hours? And we have that relation between the federal government and the NBJ constantly, and when something recurs, then it is no accident. And this skirmishing back and forth, unfortunately, is at our expense and at the expense of the public.

[Dukanac] Drug prices have also been a perpetual burning topic. You made a deal with the federal administration in this respect, but the funds which are supposed to pay it are at the republic level. How does that look today?

[Stojicevic] We are constantly being attacked because we are raising prices and exhausting the funds. But contrary to the statements of certain ministers in the Serbian government, drugs have always been and have remained under control of the government. Accordingly, we do not set prices. Until a year ago, our prices by decision of the government could be no more than 75 percent of foreign domicile prices, and at that time they were somewhere on the average of 56 percent of foreign domicile prices. After that, the criteria were altered, and in January they fell to only 10 percent of foreign domicile prices, and we had no chance to produce them under those conditions without going under. After strenuous talks with the previous and present governments, we agreed that by the end of the first quarter drug prices would reach a level of 35 percent of foreign domicile prices, and that has been done. That is something that guarantees us production without profit, and we accepted that in this situation. On the other side, however, you have a situation where the health service, as the only activity which is operating nonstop today, has no money, but there is money for those who wait at home for their paycheck. Accordingly, everything related to social insurance and the entire financing of the health service is a very complicated issue, and all I have here is my personal opinion. A country which is not producing material goods cannot have a budget, nor a health service, nor an army. But what are we doing; we want all that, and at the same time we want not to work and still get paid. But resolving the question of money and funds is the job of the Assembly; the previous convocation of the Serbian Assembly and the previous health minister, in my opinion, had very good proposals. In any case, social welfare problems

cannot be solved by giving away drugs. After all, you can do this once, you might even requisition all of our factories and the reserves of drugs which we have. But what will we do, all of us together, tomorrow?

### Price Dispute Between Lumber, Furniture Firms

93BA1038C Belgrade EKONOMSKA POLITIKA in  
Serbo-Croatian 10 May 93 pp 20-21

[Article by M. Barjaktarevic: "An Explosion of Antagonism"]

[Text] The first phase in correcting price discrepancies between lumber producers and processors which culminated early in the year (we wrote about this in EKONOMSKA POLITIKA on 29 March), as proposed by the public firm Srbijasume, was supposed to begin on 26 March with a joint meeting in the Economic Chamber of Serbia. However, the direct confrontation of views and interests did not occur for "reasons that have not been established, but both sides will continue to insist on this." In the meantime, some 80 furniture factories in Serbia remain in agony; in the end, they do not care who accuses whom of monopolism and of having a superior or inferior position. After all, for an intolerably long time they have already been in a sandwich between the producers of all the production supplies they need and their price games on the one hand, and the lack of a market on the other. The decline in sales, for example, has been ever more pronounced with each passing day, and still there are no inventories of furniture either in retail stores or in factory warehouses. So, the skirmishing back and forth over prices between Srbijasume and primary wood processing is only one more consequence in the sum total of trouble characterizing the position of the furniture industry.

Alluding, that is, to the decision of the public firm to change the prices of its products once a week, with the growth spiral depending directly on bilateral agreements with each customer individually, the sawmills decided to respond with a counterstrike of raising their own prices by 300 percent over the proposal contained in the price list of the Decree on the Granting of Consent to Prices. In the primary wood processing grouping and the Association of Timber and Lumber and the Wood Industry in the republic Economic Chamber, they still say that Srbijasume is insisting on individual contracts because the contracts allow them to send the logs where they want and how they want, most frequently to the private sawmills, which are springing up on all sides like mushrooms after a rain and which have so much money that they can pay any price, even the highest, while at the same time capacity in the socialized sawmills is being used at barely 30 percent.

Since the very establishment of the public firm, on 1 October 1991, monopolism has certainly been the word most frequently mentioned in all the verbal battles between the two opposing sides. In the opinion of Milan Rodic, general director of Srbijasume, the insistence in

the Economic Chamber that the government must relinquish its monopoly over the forests in Serbia is nothing other than an attempt to return them to the jurisdiction of opstina authorities, which certainly would be the most disastrous alternative from the standpoint of the forests themselves, as a resource of general public interest. It is also basically anachronistic, because it goes against everything that has been done in this respect in the advanced Western countries in recent decades. In short, establishment of a public firm has organized the forests in Serbia, Rodic asserts, with a view to world achievements, which in our case has not been altogether realized because of the economic blockade and the sanctions, all of which taken together actually favors the socialized sawmills.

Perhaps there is even something good in the fact that the smoldering antagonism has finally risen to the surface, if for no other reason, so that an objective view is taken of the position of the furniture industry, which the shapers of economic policy have been criticizing with all but surprise that it has not been showing more resourcefulness under the new conditions, because its dependence on imports for basic raw materials amounted to only 8 percent before the sanctions. What we learned in the production and sales system Novi Dom indicates that furniture production has been cut back drastically in almost all factories in Yugoslavia. More precisely, having displayed a steady declining trend for a year, in March it was employing only 25 to 30 percent of its capacity. And they are able to reproduce reality with some approximate accuracy, because they maintain constant business relations with practically all factories in the country. They are also "involved" in production. Novi Dom, that is, has its own furniture factory in Belgrade with a capacity of between 1,000 and 1,150 sets of furniture per month. In the old Yugoslavia, that was sometimes the second and sometimes the third furniture upholsterer in terms of size. Now it is holding a solid second place, because Simpo is the biggest, and the positions of the others change month by month. Novi Dom also furnishes some production supplies to all the factories whose assortment it sells.

Reacting, then, to assertions that there are no rational explanations for such a drop in furniture production, given the relative wealth of forest potential, Andrija Radulovic, director of the furniture sector in that Belgrade firm, replies that, on the contrary, there are no rational explanations for such assertions, because furniture has an indirect high dependence on imports and is therefore the victim of monopolies which are arrayed in a series. He believes, that is, that there is no doubt whatsoever that the public firm holds a monopoly over the forests. But also that we have at the same time a situation in which Serbia has in past decades been paying very little attention to the technological interdependence of the various phases, which is why now at least some 40 furniture factories depend on just one producer of chipboard (in Ivanjica), which, if it is to operate at full capacity, must import foil, because only a small amount

is produced in the present Yugoslavia in Pljevlja and Rozaje. The two paint and varnish factories are also dependent on imports for principal ingredients. And then the furniture industry uses a great deal of sponge, which is produced only at Prva Iskra in Baric, which in turn is based on imported raw materials. And the cloth and fabrics are made from cotton and wool fiber that is imported.

Radulovic cites the figure that in March a cubic meter of lumber cost 270 marks [DM]. If, he says, the public firm Srbijasume does not restrain its appetite concerning prices, they soon will have no one to whom to sell their goods. The situation with furniture sales will inevitably have to have an effect on their position as well. The feedback cycle takes about two months. So the month of June could already signify the beginning of big troubles for lumber producers. By all appearances, it now depends exclusively on the assessments of the public firm whether it is profitable for the timber and lumber industry to lower the prices of its products, stabilize conditions in all phases of processing, and finally make it possible for furniture sales to revive.

If we were monopolists, we would go onto the market and sell everything as if it were a joke, Rodic says. We are criticized for giving preference in supply to the private sawmills, but the real truth is this: Last year, because we were put on notice from a certain level to be mindful of the complicated economic position of the manufacturing industry, we decided in favor of calculated prices, which were considerably lower than market prices. The advantage in supply actually went to socialized processors, although we felt that this was not being fair to the private sector, and it was also very harmful to our own interests. That same context also includes our decision on normal supply of Viskoza in Loznica, Matroz, and the wood sheet and chipboard factory in Ivanjica, which came back on us like a boomerang. Matroz, for example, has not been accepting wood since back in June of last year, but at the moment it still has inventories to cover production for three months, and that is why we are having problems with sales, that is, with inventories. Now we have no market even for firewood or pulpwood, because Viskoza also has immense inventories. It is clear to anyone from just these two cases, if, of course, he reasons logically, that there has not been any enormous hiking up of prices on our part.

The fact that the furniture industry was financially ruined back in the time of relatively stable economic conditions, when the prices of the principal raw materials were usually frozen, could turn the sharp edge of dissatisfaction in a quite different direction. Unlike primary wood processing, which perceives the existence of the public firm as a knife at its throat, in the furniture industry they are inclined to blame most of their problems on the big systems in the trade sector. At Novi Dom, they are exceedingly aware of this. After all, Radulovic says, whenever the furniture industry gets into trouble, we are accused of developing at the expense of production, which in principle might be accepted as a

justified revolt, but in reality the truth is usually somewhere in the middle. "You see, they set their prices on the basis of prices of production supplies. However, because those conditions of theirs are not in line with retail sales, the merchants have been forced to extend grace periods for payment, or to adjust prices as a function of demand. We do not at the moment have high furniture sales, which means that funds are not being siphoned from production into trade. The entire debt of Novi Dom could be taken up in furniture inventories. We absolutely have no investments on that basis in luxury buildings and enormously high salaries, of which we have been accused."

However, in the present situation of universal confusion it is very difficult to make final judgments about the internal rules of the game of those involved in the production and sale of furniture. Thus, Radulovic says that the basic rule is that there is no rule at all. When even the simplest laws of supply and demand are not applied, prices behave like an altogether isolated category. Prices, for instance, ought to drop at even a far higher rate than they are growing. Nevertheless, in February the price index of furniture was higher than the official rate of inflation, and in March prices rose 280 percent. Another illogical aspect has to do with the quality of furniture being offered. With its sales, that is, with its poor turnover of capital, the trade sector is unable to keep up with the demands of producers. There is, then, quality furniture, but we are reluctant to take it, because the invoices we collect are not enough to cover the invoices we have to pay. It is true that sales could revive after a sizable jump of the mark, because at least 80 percent of the customers are of foreign exchange "origin," which makes the financial situation of people in the trade sector tolerable regardless of the drastic drop in sales. At the same time, signals are coming from the production sector that a large number of factories will have to halt production entirely until producers of production supplies stabilize their prices and extend payment periods.

In the public firm, they are still sticking by their decision of concluding price contracts with each customer individually and changing them if necessary even once a week, because there is no logical justification whatsoever of why they, as they say, should behave differently from other producers of production supplies, finished products.... What is more, the calculated prices, according to the original conception of Srbijasume, were supposed to be temporary in nature. Since the beginning of this year, the transition to market conditions of business activity has been expected, and that would mean sending the timber to auction and giving the contract to the one who offers the best terms. That is the experience of the rest of the world, Rodic says, to which we have often referred in the past. Under the blockade, however, public auction is not possible precisely because it would threaten many wood manufacturers in the public sector. The people here agree with the assertions coming from the Association of Timber and Lumber and Primary Wood Processing, in the Serbian Economic Chamber, that the

private sawmills are springing up like mushrooms after a rain and are able to pay even the highest price. The auction would favor them and the timber and lumber industry, and such changes will inevitably occur. Until that time, a reasonable agreement has to be arrived at jointly. A system of prices that would serve at least minimally both of the opposed sides.

### Macedonia

#### Security Concerns, Reaction to Possible U.S. Presence

93BA1044A Skopje NOVA MAKEDONIJA in  
Macedonian 15 May 93 p 13

[Article by Zoran Petrov: "Collective Security Prevention?!"]

[Text] *In a situation in which Kosovo and Sandzak are increasingly becoming neuralgic points in the SRJ [United Republic of Yugoslavia] it is precisely Macedonia that becomes exceptionally important in terms of efficient surveillance and monitoring of those areas. In a number of areas Macedonia presents a clearer situation, compared to that of Bosnia-Herzegovina, and the spreading of military operations to the south could very easily grow into a broader regional war with unpredictable consequences to world peace.*

The three-day-old information according to which U.S. President Bill Clinton had said that he had discussed with his European allies the sending of U.S. troops to Macedonia, which coincides with some statements made by representatives of the U.S. Administration and the U.S. Senate, unquestionably was the most important news of the week, turning Macedonia, in a way, once again into the center of interest of the international community. Regardless of the latest explanation provided by President Gligorov, according to which his discussions with the U.S. Secretary of State included thoughts expressed by the Americans without any final decision being made, and that the sending of U.S. troops cannot take place without the agreement of Macedonia, nonetheless the impression remains that, directly or indirectly, Macedonia is becoming a zone of interest for the United States.

It is in the same context that we can quote the unofficial announcement by the United Nations to the effect that the world assembly has not accepted the U.S. proposal of sending troops in the Republic as part of the UNPROFOR [UN Protection Forces]. Therefore, on the one hand, there is the promotion of the American idea of a military-preventive involvement in our country (the number of 700 troops was mentioned), in addition to the UN reserves. What complicates this entire situation is that the Macedonian leadership has neither requested such a thing officially, nor has been informed of the latest U.S. initiative. On the other hand, this comes in a period of undefined status of Macedonian-Greek talks and the entire set of issues related to resolving the war in

Bosnia and the polarized views for or against armed intervention in the occupied area. In any case, the latest statement by President Clinton provides scope for a consideration of two basic questions: Either the U.S. military experts estimate that the spreading of military operations involving our country is becoming increasingly realistic or else it is a question of an attempt at a longer presence of U.S. influence in this part of the seething Balkans.

#### Macedonia a U.S. Range?

General Todor Atanasovski, who is member of the president of the Republic's Security Council, considers it unlikely for the Americans to promote that initiative without previous consultations with members of the Macedonian political leadership. In his view, this has been confirmed by the visits of several U.S. delegations to Macedonia, one of which was on a high senatorial level. In general, it is not excluded that discussions with them involved those issues and the security of Macedonia. Most likely, the suggestion of President Clinton of sending U.S. troops to Macedonia, according to Atanasovski, is within the context of the resolution of the Bosnian crisis, for such a situation cannot be viewed seriously without being considered on a broader level. Within such global considerations, whether we want it or not, the Republic of Macedonia becomes part of the overall situation and is an area objectively gravitating toward a military conflagration.

As far as the U.S. initiative of stationing U.S. military forces in our country is concerned, according to General Atanasovski this would not take place without the agreement of the Republic and its own assessment whether such a step meets its security interests. Here two aspects are important, our interlocutor emphasizes. The first is that no harm be caused to Macedonian sovereignty; the second is that nothing be done without its participation. Another significant element is within the framework of all the various views that lead to the question of whether we could expect an escalation of the war and its duration, and whether there will be a change in the views of the international community in terms of escalating the repressive steps against those who generate the aggression. In the case of a radicalization of repressions and the pressures applied by the international community on Serbia and the activating of some elements of military mechanisms for collective defense, according to General Atanasovski, Macedonia becomes an important area for several reasons. First, there is a high degree of coincidence between the Macedonian and the international interest in preventing the spreading of the war to the south; second, Sandzak and Kosovo are becoming increasingly neuralgic points within the framework of Yugoslavia. In such a situation, according to Atanasovski, it is precisely Macedonia that becomes exceptionally important in terms of efficient surveillance and monitoring the situation in that area. It is absolutely not excluded that Macedonia may become the starting point of an armed intervention to prevent the expansion of the war to this area, regardless of what aspect it may take.

Such a strategic collective and international objective is manifested in two ways: to end the war, and to prevent its spreading, according to General Atanasovski. In his view, the extent to which the military operations in Bosnia-Hercegovina could be kept under control, since it is not a question of a classical war with some kind of front or similar features, but a down-to-earth, primitive war with a tendency toward rapid expansion, for such quarrels can very easily become part of the internal conditions in the individual countries, is an entirely different question.

Any preventive mission by U.S. forces, naturally, should it take place, would be particularly significant from another viewpoint as well. According to General Atanasovski, Macedonia is the focal point of involvement of the neighboring countries in an armed fight that would turn into a broader regional war. Actually, although the Republic is surrounded by hostile forces, it could become the central point for the resolution of a number of strategic problems in the Balkans. Normally, we would be most happy if we could resolve such problems by ourselves, Todor Atanasovski says. On the other hand, no one can do this without Macedonia. According to our interlocutor, it is realistic in such a situation to expect that the international factor should do everything possible to help the Republic, considering that the latter is already a member of the United Nations, and as such should be able to develop its own defense better for, want it or not, Macedonia is already part of the so-called collective defense system.

### Preventing the Spreading of the War

The geostrategic location of the Balkans is very specific, for it is here that the interests of several countries cross, stressed Dr. Trajan Gocevski, dean of the Skopje philosophy department and defense-chair professor. According to him, today there exist a variety of options and scenarios for meeting the interests of that part of Europe and, in the global range of important questions, two key questions must be answered. The first is how will NATO and its promoter, the United States, exercise its influence on this area; the second is the position held by Russia and its demand to be considered a serious partner and to influence the situation in the re-establishment of global spheres of interest.

According to Gocevski, in terms of the interests of the United States, a very important question is how would the United States secure its influence in the Mediterranean, in which it is vitally interested. On the other hand, it is important for the United States to control the entrance to the Adriatic, for one can already feel that Germany, through Austria and Slovenia, is developing a sphere of interests of its own in that area, whereas France and Russia are exerting their influence through Serbia. Taking into consideration relations in the southern flank of NATO, despite the rivalry between Greece and Turkey, according to Gocevski, the strategic objective remains that of establishing itself through other countries in that area, such as Italy, Albania, and, in a deeper

sense, Macedonia. The interests of Russia in that area have long been known, and even before the establishment of the Warsaw Pact there was awareness of its strategic target of having an outlet on a warm sea, a key element of which was the Moravian-Vardar Valley. Actually, according to the dean of the philosophy department, the main question is whether, following the breakdown of the USSR and the Bulgarian request for becoming a member of NATO, Russia is able to implement this objective.

The international forces, most likely taught by the Bosnian experience, according to which they first allowed war to break out and then engaged in talks, would like to act preventively in Macedonia to keep developments under control. Furthermore, according to Gocevski, the Republic of Macedonia presents a number of more specific issues compared to Bosnia-Hercegovina, and the spreading of military operations to the south could very easily develop into a regional war of a broader size and with unpredictable consequences to world peace. Actually, the interest shown by the United States in Macedonia should be sought in such correlations, for the collective security system is based on the primary objective of preserving world peace, while anything else is secondary, regardless of whether it is a question of actual hotbeds of war or not.

Depending on the means through which the Bosnian crisis is being resolved, and the implementation of the Vance-Owen plan, indicating the sincerity with which the United States and the European Community intend to resolve the problem in this area, the remaining area must be considered from the viewpoint of active and preventive intervention. Regardless of the fact that the U.S. proposal of sending troops to Macedonia is formulated for the time being as an idea or a thought expressed by the most influential political circles in the United States, the impression remains that the question of Macedonia and its security is being considered on a much higher international level.

### Reaction to Possible U.S. Troop Deployment

93BA1053A Skopje NOVA MAKEDONIJA in  
Macedonian 19 May 93 p 2

[Article by S. Jovanovska: "Two Options Exist"]

[Text] *Judging by its reaction, the idea of sending U.S. troops to Macedonia, has not enthused the United Nations, the Americans, the allies, or Macedonia. A variety of practical experiences is based on the American "patronage" in Iraq, Saudi Arabia, Somalia, Israel, and Cyprus.*

The decision announced by the United States to send its troops to Macedonia, subsequently amended by adding "within the framework of UNPROFOR [UN Protection Forces]," has caused extreme surprise not only in our country but also among the European allies of the U.S., the United Nations, and the Americans themselves. According to the reaction to this news, U.S. President



Clinton himself was surprised! Although we are an independent and sovereign country, no one had asked us so far or, even less so, asked for our agreement; the allies asked and expected of the United States to take this step in Bosnia and not in a safe area; let us also bear in mind that the Americans have been told repeatedly that the Balkans were not an area of strategic interest to the United States, while Clinton may have expected that the United Nations would heartily embrace such an idea. An "avalanche" of questions, issues and misunderstandings immediately arose with the stipulations that, normally, the allies and Macedonia would be consulted, that the target may be Kosovo, and so on, or that it was a question of manipulating the press, all of this to be reduced to the following: Is the United States afraid that the conflict may spread or is it trying to strengthen its influence in the Balkans?

In all likelihood, either option is valid.

What matters most at present, nonetheless, is the following: what interest would Macedonia have in having a U.S. "umbrella" over its territory; what are the assessments concerning the security situation, what is the practical experience gained with UNPROFOR, and how to accept aid from the international community while preserving the autonomy and the right of Macedonia to have full control over its own territory. Some statements by the Army command, as well as the carefully indirect answer by President Kiro Gligorov to the direct question of whether Macedonia would agree to the presence of U.S. troops suggest that so far no final thought has been formulated on this issue but that such an idea may be adopted. Whether this will happen or not will also depend on the development of the situation in Bosnia-Herzegovina, above all in Kosovo, and on the evaluation of the success of such a mission and the range of its authority, the sincerity of the U.S. involvement as a preventive step, as well as the way this would be reflected in relations and discussions with Greece.

Some reservation in matters involving the United States is based on a different and longer history. The extensive practical experience based on the involvement of this and other great powers in areas of crisis has mainly been negative. Suffice it to mention the examples of Lebanon and Palestine, as well as the latest example of Bosnia. However, we cannot fail to note that not much remains of the older imperial image of the previous administration and even less so of the present one, and that the United States is no longer interested in becoming the world's policeman and waste money on such adventures. Furthermore, the Somali episode considerably healed the Vietnam complex, proving that the United States could intervene in a country of no strategic interest, motivated by pure idealism and humanitarian needs. Actually, the Americans went to Somalia to secure the food channels, to create conditions for the political resolution of the crisis, and recently returned home!

Actually, other than the presence of U.S. forces on the territory of its allies, whether members of NATO or not,

missions similar to the one mentioned in connection with Macedonia are maintained by the United States in a few countries only, such as Cyprus, as part of UN Forces, on the Israeli borders, and again under the patronage of the United Nations or on its own initiative after the Gulf War, in Iraq and Saudi Arabia. In Iraq the United States is protecting the free zones of the Kurds and the Shi'ites in the North and the South. A United Nations mission was to be organized to this effect but so far this has not taken place.

An additional unknown factor in the Macedonian case is that Clinton and his administration have so far neither described nor clearly made public the nature of the U.S. purpose and the true interest of U.S. presence in that part of Europe. Perhaps those who claim that this is the result of his lack of success in foreign policy and that the idea of Macedonia is merely an attempt at avoiding the pressure for greater U.S. involvement in Bosnia may be right. This particularly applies ever since his allies suggested to Clinton that instead of dropping bombs from the skies to get down to earth where their forces are being fired at. It would be realistic, however, to presume that involving Macedonia in the war, which, as everyone agrees, would mean the intervention of neighboring countries, would not be in the interest of a single great power and that from that aspect Macedonia could play a most important preventive role.

The increasingly frequent visits by U.S. military experts to Bulgaria, Albania, and Romania have reinforced claims that "in the eyes of the West" the Republic is the most suitable base for eventual military activities against Serbia and that the presence here should be secured on time. That is why, regardless of how such statements may be belittled, it would be good to know what the Macedonian position was in order to prevent something which, should it happen, would be too late to eliminate. It is a fact that the great powers voiced their views unofficially to see the reaction, lay the necessary groundwork and feel safe in the implementation of their ideas.

#### **Prime Minister Explains Monetary Reform**

*93BA1034A Skopje NOVA MAKEDONIJA in  
Macedonian 8 May 93 p 3*

[Report on speech by Prime Minister Branko Crvenkovski: "The Macedonian Economy Is Being Systematized"]

[Text] *A new concept is seen in the pursuit of monetary and foreign currency policy in the foreign trade and banking sectors.*

At the beginning of his presentation, Prime Minister Branko Crvenkovski expressed his satisfaction with the fact that for quite some time the highest legislative body of the Republic has been debating economic laws. At the same time, he expressed the intention of the government and its suggestion addressed to the Assembly to give priority in the forthcoming period precisely to issues related to the economic system. The reason was not only



because the situation demands it, but also the fact that anything else becomes a subject of debate in parliament if it is not based on respective reforms and results of the economic plan, and remains in the realm of sterile politics. The immediate, although not the only, reason for the session of the Assembly, according to Crvenkovski, is the intention to replace the securities bonds with actual notes and minted currency. This action is of historical significance, for it will be the first time that the sovereign and independent Republic of Macedonia will put into circulation its real currency. Along with the introduction of the currency, the value of the denar is set in a ratio of 100:1, and the intention is to reduce the cost of printing the money, have a lower circulation of the currency, and coordinate bookkeeping and account payments throughout the land. The government insists that such laws be considered as a packet because of their identical purpose and interconnection.

The main fact is that they systematize the economy of the Republic in the areas of foreign trade and banking and apply a new concept in the pursuit of monetary and foreign exchanges policies. The prime minister discussed each one of the laws separately.

The prime minister said that the Law on the National Bank of the Republic of Macedonia ensures greater independence for the National Bank in the implementation of its constitutional functions, based on the new concept and reform of the monetary and foreign exchange systems and policies. It also makes them more specific and adapts them to the resolutions included in the Law on Banks and Savings Institutions.

The proposed Law on Banks and Savings Institutions is the equivalent of introducing our own banking system consistent with the sovereignty of the Republic of Macedonia and the market economy.

The decisions included in the law indicate the strengthening of competition in banking and a greater influx of capital as well as more efficient work by the banks.

At the present level of development of the Republic of Macedonia, Crvenkovski says, credit relations with foreign countries are assuming increasing importance.

Hence the need for a new law to set the rules governing all forms of credit operations between Macedonians and foreigners. The law allows anyone to owe money abroad but on the basis of his economic ability and real sources for repaying the loan. This means that the Republic will be totally removed from guaranteeing loans, as had been the case so far. The basic intention of the law on foreign investments is to create better conditions for attracting foreign capital into Macedonia.

The purpose of the law on foreign trade is to contribute to the development of a modern and dynamic foreign trade based on the principle of an open market economy as it exists in the developed countries. This means that all entities may engage, on an equal basis, in foreign trade. Exports and imports will be maximally liberalized and wherever restrictions will remain there will be a mechanism for equal participation and treatment of enterprises.

One of the essential new aspects of the law on foreign currency is the rejection of a policy of a fixed rate of exchange and introduction of a fluctuating rate that will be based on supply and demand for foreign exchange. The citizens will be free to handle their own foreign currency, to sell it to authorized banks and exchange bureaus, pay abroad for some of their purchases or keep such currency in foreign currency accounts or savings books. The law on converting short-term basic credits into long-term credits will convert the credits in the area of farming, Branko Crvenkovski pointed out. The effect of this operation will amount to about 45 billion denars. The National Bank will approve the long-term credits of banks, to be repaid within 15 years, which will include a 10-year grace period.

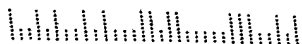
In his presentation, the prime minister included the problems which faced the government: Could such radical steps be taken with the imposition of penalties; could it be possible, in a socially stressed situation, to withstand the difficulties that, unquestionably, such changes will trigger; should we not wait for the creation of more favorable conditions that would increase the chances of success? Such changes are necessary, however, and any postponement can only increase their cost, Branko Crvenkovski concluded.

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